

# Current History

A WORLD AFFAIRS MONTHLY

SEPTEMBER, 1972

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# Current History

FOUNDED IN 1914

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SEPTEMBER, 1972  
VOLUME 63      NUMBER 373

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Published monthly by Current History, Inc., 4225 Main St., Phila., Pa. 19127. Second class postage paid at Phila., Pa., and additional mailing offices. Indexed in *The Reader's Guide to Periodical Literature*. Individual copies may be secured by writing to the publication office. No responsibility is assumed for the return of unsolicited manuscripts. Copyright © 1972, by Current History, Inc.

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# Current History

SEPTEMBER, 1972

VOL. 63, NO. 373

*What are the strengths and weaknesses of the People's Republic of China as a new era of diplomacy opens? In this issue, China's current situation is evaluated by seven specialists. Our introductory article points out that: "If both Chairman Mao and Premier Chou live long enough in health and power, they may continue gradually to 'put the military in its place,' but age is a determining factor." In any event, "... the military has always been the ultimate bulwark of the regime and an arbiter of power in Communist China."*

## The Military and the Struggle for Power in China

BY RALPH L. POWELL

*Professor of Far Eastern History, School of International Service, American University*

EVERY COMMUNIST MUST GRASP the truth\*: "political power grows out of the barrel of a gun."<sup>1</sup> This frequently quoted maxim of China's Chairman Mao Tse-tung indicates his judgment regarding the role of armed force in the seizure and maintenance of political power. Yet in the same 1938 treatise, Mao also laid down the guiding principle regarding the relationship between a Communist party or government and its armed forces, when he declared that "Our principle is that the Party commands the gun, and the gun must never be allowed to command the Party."<sup>2</sup> During most of the long years of revolutionary warfare and Communist rule since 1938, the party rather effectively controlled the gun. However, during the early 1960's, in a period of growing intra-party conflict, Mao selected the People's Liberation Army as a political instrument; under his protégé, Marshal Lin Biao, the military expanded its influence. Then, dur-

ing the politically disruptive Cultural Revolution and its aftermath (1967-1971), the military vastly increased its already considerable power and cast doubt on the principle of party control.

The armed services of the People's Republic of China, which have threatened civil party control, are a combined force that is known as the People's Liberation Army (PLA). The PLA is a massive, modern institution, consisting of the world's largest land army, the third largest air force and an essentially coastal defense navy. This major military establishment is an elite conscripted force which numbers well over three million men (including security and border troops).<sup>3</sup> Almost invariably the officers and many of the non-commissioned officers are party members. They are the party-soldiers—the party's specialists in military affairs.

The greatest threat of the PLA lies in the rapid development of a limited thermonuclear capability. Since 1964, in order to develop a nuclear deterrent, Communist China has carried out thirteen nuclear tests, has launched two earth satellites, and has developed medium- and intermediate-range ballistic missiles, as well as some twin-jet bombers capable of delivering atomic warheads. The United States Defense Department estimates that by the mid-to-late 1970's, the Chinese will have 10 to 25 operational in-

\* The research for and preparation of this article were supported by a grant from the International Foundation. That assistance is sincerely appreciated.

<sup>1</sup> "Problems of War and Strategy" (1938), *Selected Works of Mao Tse-tung* (Peking: Foreign Languages Press, 1967), p. 224.

<sup>2</sup> *Ibid.*, or *Selected Military Writings of Mao Tse-tung* (Peking: Foreign Languages Press, 1963), p. 272.

<sup>3</sup> *The Military Balance, 1971-1972* (London: International Institute for Strategic Studies, 1971), pp. 40-42.

tercontinental ballistic missiles capable of striking the United States.<sup>4</sup>

The Cultural Revolution was a "many splendored thing." It was a power struggle for leadership of the Communist party and state, a conflict over policy and the ideological implications of policy, a pseudo revolution, and a premature succession struggle. Chairman Mao sought to project his own revolutionary principles into the future by naming as heir apparent his protégé, Marshal Lin Biao. But the greatly increased roles and influence of the military were not part of a master plan. Originally, the party leaders had decided not to involve the PLA in the political conflicts of the Cultural Revolution.<sup>5</sup> However, when the Maoists employed the non-party Red Guards and "Revolutionary Rebels" to attack and shatter the party apparatus, they *ipso facto* shattered the very closely related state and police machinery. By the end of 1966, China was on the verge of chaos, and a political semi-vacuum had been created. Despite considerable internal opposition and factionalism within the armed forces,<sup>6</sup> the PLA was the only institution that still possessed sufficient discipline and power to prevent further anarchy.

In January of 1967, Mao ordered the PLA to intervene on a broad front in the Cultural Revolution,<sup>7</sup> in order to preserve essential order and to achieve Mao's political objectives. Despite Mao's support and utilization of the PLA in an intra-party struggle, later events indicate that he did not realize how abnormally powerful the armed forces would become; nor did he desire them to become predominant.

<sup>4</sup> Charles H. Murphy, "Mainland China's Evolving Nuclear Deterrent," *Bulletin of the Atomic Scientists*, January, 1972, pp. 28-35; Ralph L. and Helena F. Powell, "China's Military," *Air Force Magazine*, June, 1971, pp. 44-45.

<sup>5</sup> *Decision of the Central Committee of the Chinese Communist Party Concerning the Great Proletarian Cultural Revolution* (Peking: Foreign Languages Press, 1966), p. 12.

<sup>6</sup> New China News Agency (NCNA) in English, January 14, 1967, in *Survey of the China Mainland Press* (SCMP), No. 3862, pp. 1-4.

<sup>7</sup> *Peking Review*, No. 5 (January 27, 1967), pp. 10-11.

<sup>8</sup> Ralph L. Powell, "Soldiers in the Economy," *Asian Survey*, August, 1971, pp. 742-760 and "The Role of the Military in China's Transportation Systems," *Current Scene*, February 7, 1972, pp. 5-10.

<sup>9</sup> Incomplete references drawn from the Chinese press and radio account for military control committees in 18 provinces.

<sup>10</sup> *Hung-chi* (Red Flag), No. 3 (February 1, 1967), in *Selections from China Mainland Magazines* (SCMM), No. 563, pp. 1-6; *Peking Review*, No. 12 (March 17, 1967), pp. 15-16.

<sup>11</sup> Jurgen Domes, "The Role of the Military in the Formation of Revolutionary Committees 1967-68," *China Quarterly*, No. 44 (October-December, 1970), pp. 142-145; Wang Yun, "Maoist Revolutionary Committees: Organization and Prospects," *Issues and Studies* (Taipei), December, 1968, pp. 3-7. Military ranks were officially abolished in 1965, but the senior officers still command large bodies of troops and it would be misleading to call them "mister."

<sup>12</sup> Tillman Durdin, et al., *The New York Times Report From Red China* (New York: Avon, 1971), pp. 133, 253-254, 256, and 281; "The Revolutionary Committees and the Party . . .," *Current Scene*, April 15, 1970, p. 6.

The new missions of the armed forces were sloganized as "the three supports and the two military tasks: to support the Maoist revolutionaries, to support agriculture and to support industry, as well as to establish military control or martial law where necessary and to carry on military and political training." The breakdown of the political and legal structure, plus extensive new missions, provided the armed forces with both the opportunity and the necessity greatly to increase their roles and influence.

By the hundreds of thousands, military personnel spread throughout Chinese society as a vast gendarmerie. The PLA did not have either the manpower or the skills necessary actually to manage the economy, the legal system or the schools, but in all of these institutions it gained influence while carrying out functions of supervision, policing and political indoctrination. Furthermore, the PLA actually took over and operated the politically and strategically vital lines of communications.<sup>8</sup> These activities buttressed the increasing political power of the military. Nevertheless, despite the growing power of the officers of the PLA, during the Cultural Revolution there was a heavy purge of military men who opposed the Maoist regime. These purges indicated the ability of the regime to play a balance of power game and to oust powerful individual military men, although it probably could not have challenged the party-soldiers as a group.

#### POLITICAL ROLES OF THE MILITARY

More important and significant in the long run than the new economic and legal functions of the PLA are the activities of the military in the political field. After the PLA was ordered to intervene in early 1967, the military commands created a temporary system of martial law in the form of military control committees in most of the provinces because of local disturbances.<sup>9</sup> When the regime began to reestablish a government structure in the form of unique tripartite revolutionary committees,<sup>10</sup> the fact that the military were in "control" of most provinces in the form of military committees gave them a great political advantage over the revolutionaries and former civil officials.

By the time that all the provincial level revolutionary committees had been established in September, 1968, 19 of the 29 chairmen were general officers of the PLA; so were 20 of the vice-chairmen.<sup>11</sup> Revolutionary committees have become the "new organs of power" not only at provincial and subprovincial levels, but also in most public institutions, including factories, communes and schools. Extensive evidence indicates that the military have tended to dominate most committees down to the grass roots, where the PLA is represented by militia cadres.<sup>12</sup>



Soldiers also deeply penetrated the badly disrupted central government during the Cultural Revolution. Military control committees were established in some military-oriented agencies and possibly in all ministries.<sup>13</sup> PLA representatives joined the "various departments" of the government<sup>14</sup> and as Premier Chou En-lai reorganized and reduced his State Council, a number of the new ministers were military men. These included, aside from the heads of military agencies, the Director General of Civil Aviation, a Vice-Minister of Foreign Affairs, the Communications Minister, and the Minister of Foreign Trade.

### CONTROL OF THE PARTY

As a party leader, Mao Tse-tung never had any serious intention of destroying the Communist party; what he sought to do was purge it of his enemies and reorganize and revitalize it. Scarcely had the party machinery been disrupted than the Maoists began what has been a slow and painful rebuilding of the party. The military, operating through the revolutionary committees and the party apparatus in the PLA—the Commissariat—played a major role in that reorganization. At the Ninth Party Congress held in April, 1969, the military demonstrated its greatly increased political influence. Marshal Lin was named Mao's heir apparent in the new party constitution, and party-soldiers accounted for almost 45 per cent of the new Central Committee. The newly named 21-man ruling Politburo<sup>15</sup> was even more heavily weighted in favor of the military, for it included four marshals, six generals and Marshal Lin's wife.

Yet an obvious attempt was made to preserve a balance of power. The large number of regional and provincial military leaders on the Central Committee was partially counterbalanced by officers from the central commands; commanders were weighed against political officers; while those who were considered to be followers of Marshal Lin were balanced by those from other political factions. During the next two years, purges and important personnel

changes tended to favor Lin's men, but not completely.

Owing to rivalry in the central regime and conflicts among "revolutionaries," party bureaucrats and PLA officers in the provinces, the naming of provincial-level party committees did not begin until December, 1970; the last ones were formed only in August, 1971. In these 29 extremely important committees, 20 first secretaries, perhaps as many as 27 second senior secretaries and 60 per cent of all provincial secretaries were senior military officers. In the provinces, the party's regional bureaus were destroyed during the Cultural Revolution and never reestablished. In mid-1971, the only regional-level governmental institutions remaining were the regional headquarters commands of the PLA and their regional PLA party committees. The once omnipotent civil cadres of the party had largely been subordinated to the party-soldiers, while the Red Guards and other revolutionary youths—the "vanguards" of the Cultural Revolution—had generally been shunted aside. By the hundreds of thousands they had been sent to work in peasant communes, serve in the PLA's borderland Production and Construction Corps or labor on PLA farms.<sup>16</sup>

Power seemed to be shifting even further toward Lin Piao. As has often happened in the past when an elderly leader has named an heir, authority shifted toward the heir apparent. Even the sacrosanct "thought of Mao Tse-tung" was often expressed in the words of Marshal Lin.<sup>17</sup> At different times and in various provinces, there were even different statements with regard to who commanded the armed forces, Chairman Mao and Vice-Chairman Lin or Lin Piao alone.<sup>18</sup>

Outside the capital, two-thirds of both the chairmen of the provincial revolutionary committees and the party secretaries were military leaders; moreover, they were the same men. In 17 provinces a senior military commander or PLA commissar was also the administrative chairman and party first secretary. Three other leaders were PLA and party chiefs and vice-chairmen of revolutionary committees. A fantastic amount of power was concentrated in the hands of regional and provincial leaders. In the capital, PLA leaders appeared to be almost as deeply entrenched and dominant. The political situation was such that Communist China could be accused of the Marxist sin of "Bonapartism"—the control of the party and state by its military. Yet mid-1971 marked the high point of military power in the People's Republic of China.

### CRITICISMS OF THE MILITARY

Apparently, and for good reasons, both the charismatic and politically wise Mao Tse-tung and his ex-

<sup>13</sup> Peking, NCNA, in Chinese, August 24, 1967; Charles Newhouser, "The Impact of the Cultural Revolution on the Chinese Communist Party Machine," *Asian Survey*, June, 1968, p. 475; Parris H. Chang, "Mao's Great Purge," *Problems of Communism*, March-April, 1969, p. 10; *Fei-ch'ing Yen-chiu* (Studies on Communist China), Taipei, May, 1968, p. 8.

<sup>14</sup> *Peking Review*, No. 18 (May 3, 1968), p. 8 and No. 40 (October 4, 1968), pp. 12 and 20.

<sup>15</sup> "Press Communiqué of the First Plenary Session of the Ninth Central Committee . . .," *Peking Review*, No. 18 (April 30, 1969), pp. 48-49.

<sup>16</sup> Peking, NCNA in English, February, 1969; Peking, *Kuang-ming Jih-pao*, October 15, 1970, in SCMP, No. 4773, p. 174.

<sup>17</sup> "Marxism," *China News Analysis* (CNA), No. 812 (August 21, 1970), p. 6.

<sup>18</sup> *Ibid.*, No. 830 (February 5, 1971), pp. 4-5, No. 848 (July 16, 1971), p. 7 and No. 862 (November 19, 1971), pp. 2-3.

tremely able and pragmatic Premier, Chou En-lai, disapproved of and felt challenged by the expanding power of the military, especially by Marshal Lin and his influential supporters. The status of the military leaders of other factions, both in Peking and the provinces, was also threatened. Civil cadres of the party and government had been demoted as a result of the increasing power and authority of the military. The left—the revolutionaries and radicals—of whom Madame Mao (Chiang Ch'ing) was a leader, had even stronger reasons for opposing the pragmatic and ambitious military leaders who had purged or demoted so many of their comrades.

Hence it is not surprising that late in 1970 and extending through 1971, a series of press and radio reports criticized the PLA. Late in 1970, also, a series of articles began to lay greater stress on party leadership. Either directly or indirectly, through criticism or self-criticism, the PLA was castigated. By February, 1971, a widespread campaign accused military personnel in nonmilitary posts of arrogance, conceit, harshness and other “non-proletarian” conduct. Some of them, it was charged, harbored “bureaucratic airs,” or “pursued special privileges” and were “divorced from the masses.”<sup>19</sup> Others were “haughty” and “filled with pride.”<sup>20</sup> They were urged to maintain modesty and prudence, learn from the masses and not fear criticism.<sup>21</sup> They were also directed to “eliminate complacency while carrying out the struggle between the two lines”—the Maoist and the “bourgeois” lines—and to “make a success of struggle-criticism-transformation to the depths of their souls.”<sup>22</sup>

As “officials,” the military were said to suffer from

<sup>19</sup> “Be Modest and Prudent, Guard Against Arrogance and Rashness,” *Jen-min Jih-pao* (Peking), November 4, 1970, in SCMP, No. 4780, p. 43; Sian, Shensi, Provincial Service in Mandarin, March 6, 1971, in Foreign Broadcast Information Service, *Daily Report: People's Republic of China*, FBIS-CHI-71-47, p. H5.

<sup>20</sup> Urumchi, Sinkiang, Regional Service in Mandarin, in FBIS-CHI-71-31, p. H1.

<sup>21</sup> Tsingtao City Service in Mandarin, February 15, 1972, in FBIS-CHI-71-35, p. C10; Canton City Service in Cantonese, January 29, 1971, in FBIS-CHI-71-26, p. D1.

<sup>22</sup> Wuhan, Hupeh, Provincial Service in Mandarin, February 6, 1971, in FBIS-CHI-71-29, p. D3.

<sup>23</sup> For example, see Peking, NCNA International Service in English, July 31, 1971, in FBIS-CHI-71-148, p. A8.

<sup>24</sup> For examples see Kunming, Yunnan, Provincial Service in Mandarin, March 2, 1971, in FBIS-CHI-71-44, p. E4; Peking, *Jen-min Jih-pao*, July 5 and August 16, 1971, in CMP-SCMP-71-29, pp. 1-4.

<sup>25</sup> The author is indebted for this concept to William W. Whitson.

<sup>26</sup> “Iron and Steel and Capital Construction,” CNA, No. 854 (September 10, 1971), pp. 1-2; *Kuang-ming Jih-pao*, December 13, 1971, in CMP-SCMP-72-1, pp. 1-8.

<sup>27</sup> Tsinan, Shantung, Provincial Service in Mandarin, July 7, 1970, in FBIS-CHI-70-138, p. C14; Haikow, Hainan, Island Service in Mandarin, April 28, 1971, in FBIS-CHI-71-84, p. D3.

<sup>28</sup> *Strategic Survey, 1971* (London: International Institute for Strategic Studies, 1972), p. 56.

the same bureaucratic sins that Chairman Mao had opposed in the civil cadres prior to the Cultural Revolution. Many criticisms were published by military commands or by PLA party committees, either as a matter of principle or because they feared that the military were creating public resentment and making too many influential opponents.

In 1971, there was somewhat less mention of the leadership activities of the military in the reorganization or functions of the party and even an occasional mention of the principle that “the party commands the gun.”<sup>23</sup> Also, by mid-1971 there was more discussion of the stellar roles of the party, of collective leadership, and democratic centralism,<sup>24</sup> practices that would tend to reduce the authority of the military secretaries of the party committees.

### POLICY DISPUTES

These events presaged the major military purges of the fall of 1971, but some evidence, plus that great teacher, hindsight, indicate that there were other important sources of conflict. Aside from the rivalry between military factions and major military regions, there may have been growing inter-service rivalries between the Air Force and Navy, the more technical services, and the huge, more traditional Army. As in the West, this conflict arose from differences over strategic doctrine and the allocation of scarce resources.<sup>25</sup> The conflict may be indicated by a publicized dispute over emphasis on electronics (representing unconventional weapons and missiles) as opposed to the steel industry (heavy conventional weapons systems).<sup>26</sup>

Some PLA personnel also disagreed with the administration, believing that military training was more important than the continuing “three supports and two military” tasks. Although the officers’ corps retained its influential political positions, some officers felt that the armed forces should withdraw from many non-military roles.<sup>27</sup> This is not surprising in light of the massive Soviet military buildup along China’s northern frontiers. During and since the Cultural Revolution a reported 44 Russian armored and motorized divisions, their associated air wings and their missile battalions were transferred to China’s borders.<sup>28</sup>

An important conflict over foreign policy was also involved. For a decade, Communist China had challenged the interests and policies of both superpowers. This policy was not realistic in strategic or security terms, and Mao Tse-tung and Chou En-lai decided to seek a détente—a reduction of tensions—with the lesser threat, the United States. A policy shift of such magnitude created serious disputes among the leadership. Indirect charges later made against Lin Piao and his chief lieutenants claim that

they had "illicit relationships with foreign countries,"<sup>29</sup> obviously including the Soviet Union. These accusations against Marshal Lin and his supporters may be inaccurate or exaggerated; yet Lin and others may for ideological reasons have preferred a détente with Communist Russia to one with capitalistic United States. They may also have believed that a Soviet alliance was sounder from a military standpoint. For example, during 1970 and 1971, in his numerous foreign-policy-oriented speeches, the influential Chief of Staff, General Huang Yung-sheng, was much more frequently anti-American than he was anti-Soviet.<sup>30</sup>

Given these conditions and disputes, by the late summer of 1971 the ground was prepared for a major struggle over power and policies. Mao Tse-tung and his Prime Minister had come to a parting of the ways with the heir apparent.

### PURGE OF THE MILITARY CHIEFTAINS

During September, 1971, there occurred a series of unusual events, as puzzling as a mystery thriller. On the night of September 12, a Chinese Air Force Trident VIP jet crashed in Outer Mongolia, apparently while attempting to defect to Soviet Siberia. Nine charred bodies, some of them reportedly containing bullet wounds, were found in the burned plane.<sup>31</sup> That same night, 50 or 60 official cars were observed outside the Great Hall of the People, indicating a meeting of Chinese leaders. The following day, airline flights were cancelled, and the PLA Air Force was grounded and did not resume full operations for more than a month.<sup>32</sup> This indicated lack of confidence in the Air Force and a fear of further defections.

Then, rehearsals for the October 1, National Day, annual parade were cancelled.<sup>33</sup> Thus party leaders could not appear as usual on the great T'ien-an Gate, and absences among them could not be as

readily noticed. Later in the month, all PLA personnel were ordered to return to their units,<sup>34</sup> usually a precautionary security measure. On October 1, precedent was again broken when no joint editorial was published by the leading official journals. All these unusual events indicated a conflict among the leadership.

In less than a month, evidence began to accumulate indicating a high-level military purge. Despite varying reactions in different provinces, it became increasingly evident that Marshal Lin, the Chief of Staff, the commander of the Air Force, the Chief Commissar of the Navy, the Director of the General Logistics Department of the PLA and Marshal Lin's wife had been purged.<sup>35</sup> The officers were all old lieutenants of Lin Piao. A number of other senior officers of the central headquarters also disappeared. This was especially true in the General Staff Department, the Air Force and the General Logistics Department.<sup>36</sup> However, during the remainder of 1971, it appeared that the purge had not extended in any major degree to the regional or provincial commands.

### THE VICTORS

One scenario that fits most of the known facts indicates that the purge of the central military leaders was carried out by a powerful but variegated coalition of party leaders, who are now active in China. All of them had personal reasons for opposing Marshal Lin and his faction, or they had long records of loyalty to Mao Tse-tung or Chou En-lai. The removal of Marshal Lin and most of what we would call the Joint Chiefs of Staff was not a simple matter. Not only were they among the most senior members of a vast military establishment; they were also recognized leaders of the largest military faction and all of them, plus Madame Lin, were members of the ruling Politburo of the party.

The coalition arrayed against them obviously included Chairman Mao, whose charisma and authority are believed to have been necessary to the success of such a high-level purge. Premier Chou would add great political skills and numerous supporters in the party and bureaucracy. Other Politburo members who were apparently involved included Madame Mao (Chiang Ch'ing) and the remaining members of the left-wing Cultural Revolution group, and powerful and pragmatic party-soliders who belonged to other factions. These probably included Marshal Yeh Chien-ying and Generals Ch'en Hsi-lien, Hsu Shih-yu and Li Te-sheng. Marshal Yeh is an old associate of Chou En-lai. Generals Ch'en and Hsu are the military and political bosses of Manchuria and the lower Yangtse basin. Their military regions are areas of great economic and military strength. General Li is director of the important General Political Depart-

<sup>29</sup> Tillman Durdin, "Peking Denounces Plotters in Party," *The New York Times*, December 2, 1971, p. 1; Hofei, Anhwei, Provincial Service in Mandarin, January 17, 1972, in FBIS-CHI-72-18, p. C2.

<sup>30</sup> This statement is based on content analysis and statistical charts prepared by John J. Sloan in "Huang Yung-sheng: A Political-Military Study," unpublished seminar report, American University, May, 1972.

<sup>31</sup> *Washington Post*, October 1, 1971, p. 1 and November 11, 1971, p. 1; "A Mysterious Plane Crash," *Issues and Studies*, November 1971, pp. 17-18.

<sup>32</sup> *Washington Post*, September 23, 1971, pp. A1 and A15; *Sunday Star* (Washington, D.C.), October 10, 1971, p. A18.

<sup>33</sup> Tokyo, KYODO in English, September 23, 1971, in FBIS, *Daily Report: Asia and Pacific*, Vol. 4, No. 185 (September 23, 1971), p. A2; *The New York Times*, September 22, 1971, p. 1.

<sup>34</sup> *Washington Post*, September 23, 1971, p. 1.

<sup>35</sup> *Christian Science Monitor*, October 18, 1971, p. 12; *Sunday Star*, October 10, 1971, p. A18.

<sup>36</sup> This statement is based on a careful analysis of reported appearances or failures to appear of senior PLA officers in Peking. See also *Sunday Star*, April 23, 1972, p. A8.

ment of the PLA and also leader of Anhwei province. Another who probably added power to the coalition is Wang Tung-hsing, director of the General Office of the Central Committee, Vice-Minister of Internal Security, and Mao's former bodyguard. His security forces may actually have seized Lin and others at a party meeting in September.

Since the purges, Chairman Mao has continued along his Olympian way. Premier Chou has increased his already enormous influence as the Chief Minister of the state. Elderly Marshal Yeh is now acting as the principal party-soldier and chief military administrator. Generals Hsu, Ch'en and Li continue to wear their influential, multiple political and military hats. Madame Mao and Minister Wang Tung-hsing continue to play active roles, but nothing has been seen of Marshal Lin or his colleagues. In fact, it was officially reported in July, 1972, that Lin Piao is dead.

The ousting of Marshal Lin and the Joint Chiefs was not a direct attack on the officers' corps of the PLA, an attack that might unite the powerful regional and provincial military leaders against the regime. Rather, the September crisis was a high-level struggle over power and policies, including an effort to increase the authority of the party. Lin Piao's numerous, influential supporters in the provinces may have been neutralized by fear of purges and by promises that no action would be taken against them if they remained loyal to Mao and did not continue to support Lin Piao.

### THE DENIGRATION OF LIN PIAO

The purging of Mao's official heir and "closest comrade-in-arms," whose succession had been written into the new party constitution, created sensitive political problems. The military purge came when plans were being made for United States President Richard Nixon's visit and when the People's Republic was trying to gain entry into the United Nations. The Chinese, and especially Chou En-lai, demonstrated consummate skill in playing down the significance of the crisis.

Internally, it was necessary to destroy Lin's carefully constructed reputation and blame him for the break with the administration. Thus, he has been ac-

cused of high crimes, including treason and treachery. Yet Lin and his lieutenants were so influential that they have not yet been attacked by name; rather, they have been damned in esoteric terms.

Lin and the Joint Chiefs have been widely, but not universally, accused of a whole series of crimes. Some of the charges are convincing; others are obviously aimed at destroying the reputations of the purged officers and reducing their support. They are accused of being charlatans and swindlers who sought to seize power in the party, the state and the PLA. These "political swindlers" have even been charged with hindering military training by setting "politics against military affairs."<sup>37</sup> The group was also accused of treason, by having "illicit relations with foreign countries," which may indicate a preference for the Soviet Union over the United States. However, it is most unlikely that these chief soldiers of the state were "general agents of the imperialists, revisionists and reactionaries abroad."<sup>38</sup>

Rumors circulating in Hong Kong were even more fanciful. It was claimed that Lin Piao and his aides attempted three times to assassinate Chairman Mao and also sought to murder Premier Chou. Then, to escape punishment, they sought to flee in the ill-fated plane that crashed in Mongolia. No wonder it was said of them that "they cannot but bring ruin, disgrace and destruction upon themselves."<sup>39</sup>

Given the prestige and political influence of the purged officers, it is not surprising that many officials throughout China were shocked, confused or frightened by the attacks, and that the tone of the charges varied from province to province.

Following the September crisis, the campaigns aimed at increasing the authority of the party, curbing the abnormal power of the military, and deflating the "bureaucratic airs" of the PLA cadres expanded considerably. The calls for party dominance, collective leadership and democratic centralism increased; so did assertions that "the party must control the gun."<sup>40</sup> Charges of arrogance and com-

*(Continued on page 134)*

<sup>37</sup> Hofei, Anhwei (November 22, 1971) and Kunming, Yunnan (December 13, 1971), Provincial Services in Mandarin, FBIS-CHI-71-227 (p. C1) and 71-241 (p. E3).

<sup>38</sup> Tsinan, Shantung, Provincial Service in Mandarin, in FBIS-CHI-72-31, p. C5. See also Canton City Service in Cantonese, January 21, 1972, in FBIS-CHI-72-17, p. D1.

<sup>39</sup> Shihchiachuang, Hopei, Provincial Service in Mandarin, December 8, 1971, in FBIS-CHI-71-241, p. F1.

<sup>40</sup> Peking, *Kwangming Daily* in Chinese, December 26, 1971, and Huhehot, Inner Mongolia Regional Service in Mandarin, January 28, 1972, in FBIS-CHI-72-15 (p. B6), and 72-27 (p. F2); S. K. Ghosh, "Who Commands the Gun—Party or Army?" *China Report*, January–April, 1972, pp. 19–29.

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*"The progress [China] has made in agriculture and industry in the past few years shows that the dynamics of self-sustaining economic growth have been in process. The economic planners can now begin to think in terms of maximizing growth instead of mere survival."*

## The Outlook for China's Economy

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FOR MORE THAN A DECADE, the task of assessing the performance of the Chinese economy in quantitative terms was a very difficult project because no national production figures were released. Percentage gains were usually reported only for certain provinces and cities but not nationally. However, a minor breakthrough in this matter took place re-

<sup>1</sup> Actually, some national production figures for 1970, though not released in government reports, were reported by Edgar Snow in his "Talk With Chou En-lai, The Open Door," *The New Republic*, March 27, 1971, pp. 20-23.

<sup>2</sup> For a discussion of the merits of making visitations to China, see Andrew Watson, "Report From China: The Guiders and the Guided," *China Quarterly*, January-March, 1972, pp. 136-150.

<sup>3</sup> A. A GNP of \$100 billion mentioned by Dwight D. Perkin in "Is There A China Market?" *Foreign Policy*, Winter, 1971-72, p. 89.

B. Japanese estimates put the Chinese GNP for 1970 at \$78 billion as a result of a 10 per cent growth during that year as reported in *Study of China's Economy* (in Japanese language), Ministry of Foreign Affairs, Japan, 1971, pp. 4 & 84. The reported growth rate of GNP for 1971 was 10 per cent, thus putting the 1971 GNP in the neighborhood of \$85 billion.

C. A per capita GNP of \$130 for 1970 was estimated by the C.I.A. as quoted in *Wall Street Journal*, June 30, 1971, p. 15. If the population for 1970 was around 760 million the GNP would be about \$99 billion for 1970. With a growth rate of 10 per cent in 1971, the GNP would be about \$109 billion for that year.

D. A GNP of \$120 billion for 1971 was quoted in *Newsweek*, February 21, 1972, p. 54.

E. A GNP of \$120 billion for 1970 was mentioned by Edgar Snow in "Talk with Chou En-lai, the Open Door," *The New Republic*, March 27, 1971, p. 21. A reported GNP growth of 10 per cent in 1971 would put the GNP at \$132 billion for that year.

F. A GNP of \$128 billion and a per capita GNP of \$150 for 1971 were estimated by Arthur G. Ashbrook, Jr., in *People's Republic of China: An Economic Assessment*, A Compendium of Papers Submitted to the Joint Economic Committee, U.S. Congress, May 18, 1972, Table 4, pp. 46-7.

G. Some other estimates put the 1970 GNP at \$65 billion-\$75 billion. This range appears to be incredibly low.

<sup>4</sup> Gene Gregory, "China Gets A Grudging Compliment From Russia," *Far Eastern Economic Review*, January 29, 1972, p. 23.

<sup>5</sup> For Japanese estimate see footnote 3B. United States estimates of 17 per cent were compiled from an industrial production index (midpoint) data; see source in footnote 3F.

<sup>6</sup> Leo Goodstadt, "China: Looking Past Mere Survival," *Far Eastern Economic Review*, January 8, 1972, pp. 27-28.

cently. For the first time since 1959, the year-end government reports of 1971 released some selected national production figures on China's industry and agriculture for 1971.<sup>1</sup>

The maximum level of achievement of the Chinese economy of recent years has to be inferred from the limited national output figures on industry and agriculture for 1970 and 1971. In addition, statistical and nonstatistical reports by visitors have provided useful clues to the economy in operation, and thus have yielded information which directly and indirectly reflects the output of goods and services in the various sectors of that economy.<sup>2</sup>

What was the state of the Chinese economy in 1971? Various estimates put the Chinese GNP in the range of \$85 billion to \$130 billion.<sup>3</sup> The per capita GNP would be somewhere between \$100 and \$170, depending on the total population figures—ranging from 770 million to 850 million—being used. The Soviet economists have been revising upward their estimates of Chinese output of selected key commodities for 1969 and 1970.<sup>4</sup> Revised Soviet figures for 1970 show that the Chinese output of cotton textiles, sugar, crude oil, electric power, chemical fertilizers and cement surpassed the most authoritative estimates in the West. These revised estimates have come closer to the statistics released by Chou En-lai to Edgar Snow in early 1971; the latter statistics were the first meaningful figures to come out of China for a number of years. Japanese government estimates put the increase in Chinese industrial output for 1970 at 10 to 15 per cent while one United States estimate puts the rise at over 17 per cent.<sup>5</sup>

The Peking year-end reports for 1971 indicated further growth in the output of key commodities.<sup>6</sup> Steel production seems to have been close to 21 million metric tons, chemical fertilizers production close to 17 million tons (in product weight), and petroleum production close to 25 million tons. To get some

perspective from these figures the steel output has to be set against over 90 million tons produced in Japan in the past year, and China's peak production of around 13 million tons during World War II and about 5 million tons produced in India in recent years. The gain in total industrial output of 10 to 12 per cent for 1971 as reported by Peking seems to be in line with local government estimates.

Judging from the reports of a number of visitors to China during the past two years, new industrial complexes, large or small, can be observed in the suburbs of a number of old industrial cities and newly industrializing cities. New small factories, producing a wide range of consumer and capital goods, have been set up on a mass scale, especially during the last few years, in towns as well as in the vast rural areas. Stores and shops in rural areas and towns are fairly well stocked with utilitarian goods, a substantial portion of which come from such small plants.

Foodgrains output was reported by the Chinese source to be 240 million metric tons for 1970 and 246 million metric tons for 1971. American and Hong Kong experts believed that foodgrain output had reached 242 million U.S. tons (or 220 million metric tons) in 1970<sup>7</sup> while a Japanese government agency offered the highest estimate for 1970 output, 230 million metric tons. Other specialists in Hong Kong have regarded these Chinese figures as creditable but possibly on the high side.<sup>8</sup> Thus China seems to have attained a record output of foodgrains in the past two years regardless of the sources of estimate.

Western and Japanese Sinologists usually do not have many hard facts with which to arrive at their

estimation of Chinese output, except weather reports and reports from selected refugees and local newspapers. Reports and speeches made by visitors to China during the past two years have indicated that people look well fed, healthy and adequately clothed. Food supplies seem relatively abundant in the stores, canteens, and small restaurants in both cities and rural areas. Some old China hands have the impression that this generation of Chinese people is better fed, bigger and huskier than the generation prior to the Communist take-over in 1949. Of course, the improved physical condition of the average Chinese could be attributable partly to better health care and medical facilities, partly to two decades of peace, and only partly to improved food supplies. Nevertheless, the apparent improvement in the physical condition of the average Chinese does reflect the fact that the food supply must have increased somewhat faster than the population during the past 10 to 20 years. However, the low and medium estimates of Chinese foodgrains output in the West have been too low to allow for such visible improvement.<sup>9</sup>

In short, the present food situation is the result of a consistent policy of emphasizing agriculture as well as a relatively steady growth in foodgrains for about 10 years. Despite a disappointingly small growth in foodgrains in 1971, the basic food supplies are probably adequate for the population and the state grain reserves have increased.<sup>10</sup> An intensive pig-raising drive that has been under way for several years has paid off not only in more pork and lard for the market but also in more organic fertilizers. It is no coincidence that the government chose to raise the purchase prices of sugar cane, oil-bearing crops and fiber crops during the second half of 1971. This action signals the fact that basic food production and reserves have reached a minimum satisfactory level so that more attention can now be diverted to the production of hitherto neglected industrial crops.

The reported 10 per cent annual growth rate of GNP for 1970 and 1971 seems reasonable in view of the fact that China's industry and agriculture were able to utilize a greater capacity, which was expanded during and immediately after the Cultural Revolution.<sup>11</sup> Thus it recovered quickly the ground lost during the Cultural Revolution and then moved ahead to attain a new height in 1971.

It is plausible that Chinese GNP in 1971 has reached the neighborhood of \$112 billion (in 1966 international purchasing power terms).<sup>12</sup> Thus China's GNP is now close to that of France. The per capita GNP might have reached \$140-\$145 at a population of 770 million-800 million. Foodgrains output was probably in the neighborhood of 235 million metric tons, which would mean a foodgrains output of 295-305 kilograms per capita per year. After allowing 18 per cent of this per capita output for non-food

<sup>7</sup> *Wall Street Journal*, June 30, 1971, p. 15 and Fan I, "Agriculture and Rural Work of Communist China," *China Monthly* (in Chinese), April 1, 1972, pp. 14-27.

<sup>8</sup> Tillman Durdin, "China Discloses Farm Statistics," *The New York Times*, April 2, 1972.

<sup>9</sup> See Subramanian Swamy and Shahid Burki, "Foodgrains Output in the People's Republic of China," *China Quarterly*, January-March, 1970, pp. 58-63, and Robert M. Field's Comment in *China Quarterly*, April-June, 1971, pp. 350-353; Werner Klatt, "A Review of China's Economy in 1970," *China Quarterly*, July-Sept., 1970, p. 118; Feng-Hwa Mah, "Why China Imports Wheat," *China Quarterly*, January-March, 1971, pp. 116-128, and Audrey Donnithorne's comment in *China Quarterly*, October-December, 1971, pp. 736-738.

<sup>10</sup> The reserves reached 40 million metric tons by 1970. See footnote 1, p. 20.

<sup>11</sup> *Far Eastern Economic Review*, 1972 Yearbook, pp. 143-145.

<sup>12</sup> At the hearings on China's economy conducted by the Joint Economic Committee of the United States Congress in April, 1967, the majority opinion placed the 1966 GNP of China around \$90 billion (in terms of international purchasing power or in comparison with the GNP of the United States). See *Mainland China In The World Economy*, Hearings Before the Joint Economic Committee, U.S. Congress, April, 1967, U.S. Government Printing Office. If one holds the view that the GNP in 1969 was only about 4 per cent above that in 1966, and between 1969 and 1971 the GNP increased by another 20 per cent, the 1971 GNP would be close to \$112 billion (in international purchasing power terms in 1966).

uses (seeds, animal fodder and industrial use), 242–250 kilograms of foodgrains will be available for food consumption. These 242–250 kilograms per capita seem to be the minimum required to sustain the current food situation in China, according to the accounts and impressions of recent visitors to that country.<sup>13</sup>

The period 1960–1971 saw China's economy emerging from one of chaos into a much more self-sufficient and balanced economy. China's economic bases and resources are larger. Her self-reliance policy and the quick tempo of technological development in the past decade, based on mass movements, have greatly enhanced her ability to mobilize her human and capital resources.<sup>14</sup> In the 1950's China could supply less than 15 per cent of her domestic demand for machinery; she can now supply well over 80 per cent of her needs.<sup>15</sup> She is maintaining a sizable and growing economic aid program, running at \$400 million annually. China has gone without direct foreign technical aid and long-term loans for over a decade. The progress she has made in agriculture and industry in the past few years shows that the dynamics of self-sustaining economic growth have been in process. The economic planners can now begin to think in terms of maximizing growth instead of mere survival.

### ECONOMIC PROSPECTS

With the start of the fourth five-year plan in January, 1971, China entered a new phase of national development. (No targets of this plan have yet been announced.) It was anticipated by some Westerners that this important step in China's economic development would lead to dramatic changes in the mood and policies of many sectors of the Chinese economy. However, so far there are no indications of a policy

of a dramatic "leap forward" in heavy industries, resembling the Great Leap in 1958.

Instead, orderly progress, consolidation and balanced development represent the mood and order of the day. Actually, the nation is following the basic guidelines for economic growth laid down first in the October, 1969, issue of *Red Flag Journal*, entitled "China's Path of Socialist Industrialization."<sup>16</sup> The article stressed a continuing need to look toward heavy industry as the ultimate development goal. Its foundation would be laid through rapid development of agriculture and light industries; the simultaneous development of both large and small industries; the creation of self-sufficient industrial and farming communities across the nation; and a continuation of the decentralization of industry and planning. The peasantry was to be the chief resource for economic take-off. A further refinement of the above guidelines appeared in 1970, stressing self-reliance on the part of enterprises, communes and local authorities in finding capital, equipment and raw materials for production and expansion.

Several developments in 1971 reflected the mood toward increased prudence and pragmatism in economic affairs. During the year, extensive publicity countered the fears that the current policy of building numerous small plants in the countryside would lead to a disaster similar to that of the Great Leap Forward of 1958. Special efforts were made to blame the collapse of the Great Leap on the disgraced head of state, Liu Shao-chi, and not on the policy of emphasizing small industry. Peking and the provincial administrators also rejected the demands of the "ultra-leftists" who wanted to end peasant communal ownership of land, machinery and rural factories in favor of state ownership, to abolish private plot and livestock raising on a household basis, and to pay wages on the basis of need rather than result. Another feature of the year was the frequent acknowledgement of the importance of trained technicians in development and the value of technical skills in manufacturing. This reflected a tendency to soften the conflict between ideological extremism (redness) and technical and economic rationality (expertness).

Still another development was the price adjustment made during the second half of 1971 to emphasize the priority of agriculture by increasing the net income of the communes.<sup>17</sup> The price of chemical fertilizers was reduced around 10 per cent; of farm insecticides, 15 per cent; of kerosene, 21 per cent; of diesel oil, 10 per cent; and of a number of farm implements and machinery, an average of 16 per cent. On the other hand, the state purchase price was raised by 15 per cent for sugar cane and an average 17 per cent for peanuts, sesame, rapeseed and oil crops.

Another significant development in 1971 was a revised income policy for farms and industries.<sup>18</sup> The

<sup>13</sup> These 242–250 kilograms of foodgrains will be reduced to 194–200 kilograms after they are milled, which would only provide 1880–1940 calories per capita per day. Thus the non-grain foods must supply another 360–420 calories if the total calorie intake is to reach 2,300 calories per capita per day.

<sup>14</sup> According to Masumi Sato, the annual growth rate in technological development in China was estimated to be 10–12 per cent for the period, 1953–1957, and 6 per cent for the period 1963–1968. The technological development in the electronics industry has been rapid during the period 1966–1970. China is now able to follow through on her own basic designs for steel plants, chemical plants, machine tools, construction machinery, mining machinery, power generation and distribution machinery, communication equipment and so on. However, her materials and operation technology are less mature than her design technology. Of course, she is not yet in the age of mass production for all this sophisticated equipment. See Masumi Sato, "Technological Development In China Viewed Through The Electronics Industry: An Engineer's View," *The Developing Economies*, Institute of Developing Economics, Tokyo, September, 1971, pp. 315–331.

<sup>15</sup> Chu-Yuan Cheng, *The China Quarterly*, January–March, 1970, pp. 54–56.

<sup>16</sup> *Far Eastern Economic Review 1971 Yearbook*, pp. 137–142.

<sup>17</sup> *Current Scene*, April 10, 1972, pp. 16–17.

<sup>18</sup> Tillman Durdin, "China Links Pay to Productivity," *The New York Times*, May 7, 1972, p. 17.



earnings system for individuals in communes was modified so that higher remuneration would go more consistently to peasants who work harder and produce more. This move is a trend away from the egalitarianism in farm income. In the industrial sector, wages have been raised for lower paid workers of long service, a scheme to improve the morale and the performance of a substantial portion of the labor force in industrial enterprises.

1972 saw China's economy push forward along a path which had been outlined in the previous three years. China's overall economic development strategy for the near future looks fairly clear. She views her economic future in terms of a pyramid. Agriculture and a few heavy industries such as steel, coal, chemical fertilizers and so on form the base. The broader the base, the greater the material progress that can rise on top of it. It is likely that further pragmatic measures such as greater material incentives to workers and peasants and the recognition of "expertness" may be reinstated or may be introduced in the near future.

Nothing very definite, of course, can be said about China's economic policies for the remaining years of the 1970's. The last two decades saw dramatic experimentation and changes in economic strategy and the reorganization of rural institutions on an unprecedented scale. These were largely responsible for the extreme fluctuations experienced by the Chinese economy in the past years.<sup>19</sup> Relatively stable rural institutions and the broad economic strategy have finally emerged. Even China's foreign relations with other industrial powers have become stabilized.

Any change in the power structure following Mao's departure will not necessarily reverse the present trend toward prudence and economic rationality. On the contrary, the present trend might be furthered by such a power change. This is not to say that shifts in economic policies will not be made in the 1970's. But any shifts in economic policies will probably not be as drastic as those experienced in the past 20 years. There will be shifts in emphasis among the various aspects of an economic strategy which is moving toward increased economic pragmatism and rationality. China seems to be heading for another settled phase, possibly more outward looking, with greater attention to economic growth and foreign trade during the coming years.

<sup>19</sup> For a review of the great fluctuations in Chinese net domestic product, see Kuan-I Chen, "Economic Fluctuations in a Planned Underdeveloped Economy—A Case Study of Mainland China, 1952–65," *Asian Survey*, April, 1972, pp. 349–362.

<sup>20</sup> ICOR refers to the incremental capital-output ratio which can be derived by dividing the national investment rate (as a percentage of GNP) by the growth rate of GNP. For a discussion of ICOR and the saving rate see Kuan-I Chen and J. Uppal, *India and China: Studies in Comparative Development* (New York: Free Press, 1971), p. 376.

By relying solely on her own resources, China may not be able to achieve an average saving rate (and thus investment rate) higher than the level of 20–22 per cent of the GNP during 1972–1980. The gross (total) ICOR is not anticipated to drop below 3.0 during the period.<sup>20</sup> Thus the annual GNP growth rate for 1972–1980 would probably be in the neighborhood of 6–7 per cent without unexpected favorable or unfavorable developments.

There is no simple and direct relationship between the three variables—the growth rate, the investment rate and ICOR. At a given investment rate, a number of other factors would affect the GNP growth rate, which in turn would affect the ICOR. These performance factors may be the morale of the workers, the incentive system, the efficiency of utilizing existing productive capacity, the pattern of allocation of capital resources, the emphasis on labor-intensive projects, unusual weather conditions for crops, some technological breakthrough in the form of miracle seeds. When conditions of these performance factors are unusually favorable, the same investment rate of 20–22 per cent may achieve a growth rate of about 9–10 per cent and the ICOR would, then, be reduced to around 2.2. Actually the latter figure is close to the estimated gross (fixed) ICOR of 2.3 for China during 1952–1957 but lower than the gross (total) ICOR of 3.1 estimated for 1963–1966.

The reason for anticipating an ICOR of at least 3.0 for 1972–1980 is that the performance factors and other conditions for economic growth for 1972–1980 would be more similar to those of 1963–1966 than those of 1952–1957. Nevertheless, a GNP growth rate higher than the anticipated 6–7 per cent for 1972–1980 can still be achieved by an investment rate higher than the 20–22 per cent level as well as by more favorable conditions for these performance factors. It is therefore pertinent to assess some possible future developments.

In recent years, the Chinese saving and investment rate was estimated to be 18–20 per cent of GNP, a high rate for a low income country. To raise the investment rate further, the central government must have more revenues. Yet it has been sensitive to the potential repercussion of higher taxes. In fact, the agricultural tax was reduced from the rate of 12 per cent in 1953 to 6 per cent by 1971, and no personal income tax was levied. In recent years, the central government's tax revenue has been very limited, with 90 per cent of its total revenue coming from the profits of state enterprises. The new income policy for farms and industries will cut into the profits of state enterprises which, in turn, will affect the national government's revenue and resources for capital construction. The new policy of raising some farm prices and lowering some prices paid by the farmers will further reduce government's revenue for investment.



However, the central government has been able to reduce its expenditure by the gradual cutback of its subsidies to local units and communes for education and health. This will release some government resources for capital construction, but it will surely increase the local burden on education and health and thus offset some of the financial gains the local population might enjoy because of revised income and farm price policies. In the meantime, the increased cost to the local population of education and health will reduce local resources to finance local small industry on a large scale. The overall net effect of all these new fiscal measures is, of course, difficult to estimate. It will indeed be a great feat if the national saving and investment rate could be raised by as much as 1.0–2.0 percentage points above the current rate.

One potential source of funds for investment is long-term foreign loans for the import of machinery and equipment. Because China has an excellent credit reputation, the Western industrialized nations and Japan would be willing to extend up to \$2 billion–\$3 billion in long-term loans should China decide to expand her import of capital goods in this manner. So far she is rather reluctant to obtain long-term foreign loans. However, her attitude may change significantly during the second half of the 1970's if her foreign policy continues to move on its present course. Another potential development would be the joint-resource-development scheme with Western nations and Japan in exploiting the deposits of petroleum, coal and minerals. Foreign nations could supply the essential machinery and equipment for drilling and mining and receive in return specific quantities of the products during the next 10 to 15 years. If \$3.0 billion of long-term foreign credit were obtained, the average annual credit would amount to \$400 million for 1972–1980. This sum would only amount to a little over 1.0 per cent of the estimated average annual investment expenditure for 1972–1980 and would thus raise the annual national investment rate by a mere one-twentieth of 1.0 percentage point for that period. However, its contribution to Chinese economic growth is much greater than the above percentage figures indicate because the additional annual machinery imports financed by such loans would amount to 6 per cent of the current Chinese machinery output and would be close to the \$395-million worth of machinery imported in 1970. In addition, the imported machinery incorporates the latest technology which the Chinese machine building industry is eager to assimilate.

Another potential source of funds for importing capital goods from the industrialized countries is to develop a market in the West, especially in the United States, for such labor intensive goods as kitchen utensils, jewelry, arts and crafts, carpets, silk fabrics, gourmet foods, laboratory instruments, low price electronic

items, sporting and optical goods and so on. However, before large-scale export of these items can materialize, great effort must first be made in the areas of styling, quality control and marketing channels. Eventually, these items could provide China with export earnings of \$300 million–\$500 million for the importation of machinery and industrial raw materials. But these earnings would not reach a significant amount until the latter half of this decade.

If the recent trend of giving increasing support to agriculture continues, agricultural production can be expected to grow at an annual rate of 2.5–3.0 per cent in 1972–1980. This rate of progress in agriculture can readily feed the growing population of China in 1972–1980 and would also allow improvement in the diet, especially in the form of animal protein. Such a growth rate will enable light industry to increase at a rate of 6 per cent and a part of the increase would be available for export. Earnings from these exports would meet the need of additional foreign exchange for imports of machinery, equipment and raw materials. They would contribute greatly to the 11–12 per cent annual expansion of heavy industry necessary to provide producers' goods and defense hardware commensurate with an investment rate of about 20 per cent and a GNP growth rate of about 6–7 per cent.

One of the chief constraints that hinders the Chinese GNP from growing at a rate of 10–12 per cent is the agriculture sector's inability to grow at a rate higher than 4–5 per cent. If she could achieve such a growth rate, China could stop completely the import of wheat, the annual cost of which was \$260 million–\$300 million in recent years. In addition, she would be able to export greater amounts of agricultural products, including rice and soy beans, as well as the light industrial products associated with agriculture. The greatly enlarged import of machinery and industrial raw materials made possible by the above suggested sources would support the expansion of both heavy and light industry necessary to achieve a GNP growth rate of 10–12 per cent.

But a sustained growth rate of 4–5 per cent in agriculture requires a technological breakthrough in this sector. The so-called miracle seeds that have been used in South and Southeast Asia have yet to be acclimatized to the environment of China. Fully to realize the potential of the acclimatized new seeds, a number of associated inputs must be provided at the right time and with the right amount and proportion. For example, new habits of work, including a new agricultural calendar, must be inculcated into the peasantry. "Second generation" problems such as the control of insects, more agricultural implements for increased multiple cropping, and new storage facilities will have to be tackled. It is anticipated that 15 to 20 years of combined effort on the part of the peas-

TABLE 1: Projected Estimates of GNP in 1980\*

Annual growth rate of GNP	Projected Estimates of GNP in 1980 (1966 US \$ in billions)	Projected Estimates of Per Capita GNP in 1980 at the Following Annual Growth Rates of Population (1966 US\$)			
		1.00%	1.50%	1.75%	2.0%
4%	159	186	176	172	169
5%	174	202	193	189	185
6%	189	220	213	206	200
7%	206	256	238	233	227
8%	224	260	248	243	237
10%	263	305	292	284	280

\* The GNP was estimated at \$112 billion (U.S. \$ in 1966 international purchasing power terms) in 1971 and the per capita GNP at \$142, given a population of 785 million. See Footnote No. 12 for estimates of GNP.

ants, agricultural technicians and industry will be required to overcome these problems. It will be interesting to see whether China will have the good luck to make such a breakthrough in less time.

It is anticipated that industrial technology will spread continuously and with vigor from large plants to small plants and from the large industrial cities to the hinterland during the 1970's. Although colleges were not in normal operation for four years, 1967–1970, the loss of scientific and technical training has been compensated to a certain extent by the establishment of "workers colleges" in various enterprises. Thus it is not likely to have a significant adverse effect on the short-run pace of industrial development. China can continue to make large catch-up gains through the low-cost assimilation of foreign technology throughout the 1970's because she is still 5 to 20 years behind the Western industrial nations and Japan in industrial technology.

### OUTLOOK FOR THE ECONOMY

Thus, barring external warfare and domestic turmoil, China should be able to achieve an annual GNP growth rate of 6–7 per cent in 1972–1980. The growth rate could drop greatly below this level as a result of the reintroduction of more radical economic policies or sustained bad weather. However, a higher growth rate, say 8–9 per cent, should not be ruled out completely should a number of the following favorable conditions emerge in the years ahead: reintroduction of the bonus system in industry, introduction of a policy of greater income differentiation in rural areas, sustained good weather, partial relaxation of the extreme self-reliance policy with a greater emphasis on international markets and trade, acceptance of large long-term foreign loan and joint-resource-development projects, unforeseen breakthroughs in agricultural sectors and better planning and implementation of development plans.

The GNP may reach \$190 billion–\$200 billion (in 1966 international purchasing power terms) in 1980 as compared with the \$112 billion in 1971. The pro-

jected GNP for 1980 would be close to Japan's GNP in 1971–1972 (Table 1). Foodgrains output is expected to grow at an annual rate of 2.5–3.0 per cent and to reach a level of 295 million–305 million metric tons in 1980. The per capita output of foodgrains would be 325–340 kg if the population grows at an annual rate of 1.5 per cent, but only 315–325 kg with a population growth rate of 2.0 per cent. Compared with the level of 300 kg in 1971, these anticipated per capita outputs would allow a further, though small, improvement in diet and an increased amount of rice for export.

Heavy industrial production may grow at an annual rate of 11–12 per cent and the light industrial production at a rate of 6–7 per cent. The total industrial production would, therefore, increase at a rate of 10 per cent and reach the level of \$76 billion–\$86 billion in 1980, compared with around \$36 billion in 1971. It is expected that among the various branches of industry, higher priority will be given to steel, chemical fertilizer, petroleum, electronics and machine building, including farm implements, and coal. The annual output of steel may reach 36 million–40 million metric tons by 1980 and chemical fertilizer 30 million–40 million metric tons (in product weight), which is still far below the minimum requirement of 50 million metric tons for the Chinese soils. The petroleum output should make rather rapid gains in 1972–1980 and some surplus should be available for export for the first time. The machine-building industry should continue to grow rapidly, and its share of the total industrial output in 1980 is expected to grow by a few percentage points above the 20 per cent level in 1970 (13 per cent

(Continued on page 134)

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*"... barring sudden outbursts of collective exultation, China in the next ten years is likely to be an amenable trading partner," notes this economist, who warns that "Given the fact that the Chinese deal through the state . . . while the United States deals by and large through individual business interests, a measure of United States governmental supervision and screening of the trade will be called for, if only to prevent private profit motives from running away with national security."*

## The China Trade

BY JAN S. PRYBYLA

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THIS ARTICLE BRIEFLY EXAMINES the problems and prospects of United States-China trade following the relaxation on April 14, 1971, of the 20-year U.S. embargo on commercial dealings with Communist China.<sup>1</sup> As far as American exporters and importers are concerned, the measure places China on the same footing as the Soviet Union in matters of both direct and indirect trade.

At least since the 1842 Treaty of Nanking which ended the first Opium War, the China market has fascinated the West, Russia and Japan, and has whetted the appetites of traders the world over. Throughout the nineteenth and early twentieth centuries this fascination and appetite were primarily "exploitative": China was weak, an easy prey to politically cohesive, militarily superior, and technologically more advanced powers. Since the advent of a Communist regime, which—whatever its shortcomings—unified the country and pursued a major economic development drive without foreign aid (after 1960) and without foreign debts (after 1964), the outside world's interest in the China trade has been sustained by somewhat different motivations.

The basic motivation in the West, and increasingly in the Soviet Union and East Europe, appears to be derived from the old principle of the classical economists that countries which engage in foreign trade increase the resources at their disposal and that, however large or small, the gain is always positive. For Japan and West Europe, international trading is a national necessity in a tough, competitive world. Built into this compulsion to trade and seek out new partners is the vision, perhaps a mirage, of a potential

market of 800 million customers—1 billion by 1990. At present, these customers average a yearly income of something less than \$100 per head, but their determination and demonstrated ability to increase that amount excite the imagination. For the United States, trade with Communist China has political dimensions that all but overshadow any probable balance of payments benefits. The removal of the trade embargo and the subsequent commercial contacts between American businessmen and Chinese trade officials are seen on both sides as a step toward the normalization of political relations between the United States and China at a time of changing power equations in the Pacific area.

On our side, the major danger to future United States-China trade comes from two opposite directions: from the right, the fear of a sellout; from the left, excessive enthusiasm. Communist China is not the ogre pictured by the right, nor is she the knight in shining armor—the hope of oppressed humanity—with which imagery the more exalted sections of the left feed their seemingly insatiable need for self-immolation. On the Chinese side, the threat is similar, if not so widely advertised. It is no state secret that China's Communist leadership is aged, given to factional strife and sudden changes in course. Its present equilibrium is unstable, hinging as it does on makeshift personal bargains and the support of the People's Liberation Army secured at a price. All of which makes prediction hazardous. Assuming that in the next ten years or so the United States pursues the course it initiated in April, 1971, without going back to embargo or forward to massive foreign aid (which, anyway, the Chinese are unlikely to seek or accept), the way to get a glimpse of what might ensue is to examine China's 23-year record as a trader. Such an examination of the facts will not tell us what will happen, but it might yield clues.

<sup>1</sup> The most serious attempt to date to estimate the future course of United States-China trade is Robert F. Dernberger's "Prospects for Trade Between China and the United States," in Alexander Eckstein (ed.), *China Trade Prospects and U.S. Policy* (New York: Praeger Publishers, 1971), pp. 183-319.

### DATA AND OTHER PROBLEMS

The Chinese Communists have been liberal with selected descriptive facts but uncooperative about quantified facts. Since 1959, they have published no statistics worthy of the name. Even before that date, figures on foreign transactions were among the sparsest; since 1959 there have been perhaps half a dozen absolute figures, most of them expressed in physical terms. The difficulty, however, is not so great as might appear. China's trading partners publish relatively copious data on their dealings with China, and these can help us find our way in China's statistical darkness.

A second problem concerns even a modest attempt at prediction extrapolated from past performance. China's foreign trade is closely related to the level and direction of domestic economic activity. Since that activity has shown considerable fluctuations in the last 20 years or so—ups and downs which may justifiably be called “politically-induced business cycles”—China's foreign trade has similarly undergone sudden, unpredictable and substantial swings, which make it difficult to forecast a pattern for the future.<sup>2</sup> Here again the problem may be partly circumvented. Beneath the surface turmoil and confusion there are some constant traits. It is these that we shall pick out as pointers to future trends. Moreover, it is possible to separate the path of growth—which may be erratic—from the level, composition and direction of foreign trade at some future relatively “normal” date. The procedure is not terribly satisfactory, but it is the most reasonable out of a generally poor lot of alternatives.

### SOME BASICS

Perhaps the most striking fact about China's external trade is the geopolitical abandon with which the Chinese seek out export markets and sources of supply. After a relatively brief period of “leaning to one side” (the Soviet), the geographical pattern of trade was diversified. The post-1960 policy of “leaning to all sides” has been followed consistently—the Chinese showing themselves ready to trade with Communist and non-Communist countries alike: with regimes officially described as friendly and those blasted as hostile. Thus, China's leading business partner is “unfriendly” Japan, which in 1971 accounted for about one-fourth of China's foreign trade turnover, while such “capitalist” countries as West Germany, France, Britain, Italy, Canada and Australia get their shares ranging from \$120 million to \$240 million a year. Even South Africa trades with

Peking, although both sides are very discreet about it in public. The crown colony of Hong Kong is China's single most important earner of foreign exchange. China's net annual hard currency earnings from that market are in the neighborhood of \$500 million.

China's guiding principle is to sell wherever possible so as to be able to pay for imports of producer goods and current inputs from anyone willing to make a deal. Today, the geographical pattern of China's trade is not very different from that which existed in the 1920's. Out of an annual turnover amounting to over \$4 billion, roughly \$3 billion is accounted for by trade with non-Communist countries.

This does not mean that political considerations do not enter into the determination of who the trading partners are to be: the principle of “leaning to all sides”—a foreign trade extension of the domestic principle of “walking on two legs” (balanced development)—is not politically neutral. In fact, its origins are traceable to China's political quarrel with the Soviet Union and her understandable desire not to depend too heavily on any one foreign power for the supply of essential commodities. The political criterion is, however, not the friendliness or hostility of a country, nor the type of social system which a potential buyer or seller espouses. Rather, it is the presence or absence of what China's leaders believe to be a real threat to China's political and economic sovereignty. Such a threat is perceived, for example, in relations with the Soviet Union and, to a lesser and more complex extent, India. Hence, whereas in 1955 about 50 per cent of China's trade was with the U.S.S.R., in 1971, the proportion was 1.25 per cent. On the other hand, Communist countries which account for the bulk of China's socialist commerce are Albania, North Korea, North Vietnam, Cuba and Rumania—all of them in some way “unorthodox” or wavering from Moscow's standpoint.

Within this framework of perceived threat, the policy is to buy and sell wherever the deal promises maximum returns. The conclusion which suggests itself is that disagreement on ideology and differences in political, social and economic systems between China and the United States do not of themselves constitute an important obstacle to the development of trade relations between the two countries, at least not on the Chinese side. One is, in fact, inclined to suspect that the Chinese would not be averse to adding the United States to the list of trading partners, given the presence of what China's leaders perceive to be a credible Soviet danger and their growing apprehension about too much dependence on Japan.

The Chinese have been flexible on the subject of formal channels for the flow of trade. Although

<sup>2</sup> See Kaun-I Chen, “Economic Fluctuations in a Planned Underdeveloped Economy—A Case Study of Mainland China, 1952–65,” *Asian Survey*, Vol. XII, No. 4, April, 1972, pp. 349–362.



Peking likes to reiterate that correct political attitudes toward China are a precondition for trade relations, the Chinese are in no position to enforce such threats, nor do they seem to be really willing to try. They have traded with individual firms of countries that do not recognize the Peking regime, and have come up with a number of ingenious institutional devices whereby commerce can proceed despite mutual non-recognition. The "friendly firm" arrangement is a case in point. A "friendly firm" is designated as one which does not trade with Taiwan. Japanese and other corporations which do lucrative business with the Nationalists have set up dummy firms to represent them in commercial dealings with Peking. For their part, the Chinese have created "autonomous" associations which are empowered to enter into business deals with these dummies, to sign contracts, and generally to act as if the government of the People's Republic were not at all involved in the transactions. For years, trade with Japan was conducted in this face-saving way. The fact that none of China's major trading partners in the West signed a trade and payments agreement with China has not prevented lively commerce between Peking and these countries.

Added to China's apparent willingness to maximize economic returns within the broad parameters of perceived political threat is her demonstrated capability to achieve such maximization. The Chinese are hard and astute bargainers, quick to learn from past mistakes. For example, at one time China tried to carve out for herself a share of the European and Asian markets by offering substantial price cuts. As one would expect, the reaction of competitors—both exporters and domestic producers—was immediate and full of punch. Barriers against goods made by "cheap Chinese labor" began to appear, and the lesson was absorbed.

In general, however, Chinese commercial ethics are considered by China's trading partners to be very good, if not irreproachable. Such irritations and misunderstandings as have occurred, especially in trade with the developing countries of Asia and Africa, were due more to the inability of some of these countries to absorb the types of goods China had to offer and

to erratic deliveries because of distance and/or the state of the ship charter market than to Chinese malevolence. There have been instances of rather clumsy Chinese meddling in the internal affairs of some partners (for example, Kenya, Burundi, Burma, Ceylon), especially in times of Maoist catharsis at home.

But China's credit rating is high: debts are repaid promptly, sometimes ahead of time. Developmental loans are offered by China on terms that compare favorably with those proffered by Western countries, and are more accommodating than comparable Soviet credits.<sup>3</sup> In 1970, China committed herself to almost \$700 million in foreign aid, of which \$600 million was absorbed by three countries: Tanzania, Zambia and Pakistan.<sup>4</sup> Although the 1970 Chinese aid commitments were exceptionally high, the effort was sustained in 1971 with loans to Ceylon, Mauritania and Rumania (the last amounting to \$244 million). Relative to national income—but, of course, not in absolute amounts—China's foreign aid effort since 1969 compares favorably with that of industrialized powers such as the United States, the OECD countries of Western Europe plus Japan, and the Soviet Union.<sup>5</sup> There is apparently no inhibiting shortage of foreign exchange; reserves are estimated at \$250 million–\$300 million.<sup>6</sup> This may not look like much but, given the relatively low level of China's foreign transactions and the tight control exercised by the state over the use of hard currency reserves, this little hoard is sufficient to sustain the credibility of Chinese trade overtures.

The close control over foreign transactions is aimed at keeping China's overall imports and exports aligned with domestic investment programs and roughly balanced. Net earnings from Hong Kong and hard currency remitted by overseas Chinese as aid to families on the mainland are used to cover the net costs of importing wheat from the West, high priority equipment and current inputs from countries to which China does not sell enough wholly to cover her expenses, as well as some foreign aid commitments. In general, however, the Chinese try to enter into bilateral barter contracts in order to keep settlements in hard currencies to a bare minimum. If this trend continues, China's total trade volume will depend on the country's ability to sell its goods abroad, which, in turn, will be related in part to the rate of increase in domestic investment and output, and in part to foreign competition in similar products.

Finally, there is the question of China's declared policy of self-sufficiency. This objective has been repeatedly emphasized since 1961 and, on the face of it, its implementation suggests a negation of external trade. This, however, is not so. Self-sufficiency means essentially the creation of import substitute industries. It is a long-term objective which in the short

<sup>3</sup> See my "Foreign Aid: The Chinese Are Coming," *Current History*, September, 1971, pp. 142–147, 181.

<sup>4</sup> This compares with \$280 million from the U.S.S.R. and \$185 million from East Europe. Chinese aid personnel in developing countries as of September, 1971, were estimated to have numbered 15,000, of whom 13,000 were engaged on railway construction in Tanzania. Waziri Juma, *Times of Zambia*, September 2, 1971.

<sup>5</sup> It should be remembered, however, that historically only about one-third of the promised aid actually materialized.

<sup>6</sup> R. F. Dernberger, *op. cit.*, p. 206. Laurence W. Levine in his article, "The Prospects of U.S.-China Trade," *East Europe*, June, 1971, p. 4, claims that in England he was shown "some facts of which most Americans are not aware . . . China had over £200 million in sterling reserve (\$560 million)."

run usually involves an increase in foreign trade because of the need to buy abroad the wherewithal to produce everything eventually. The pursuit of long-run self-sufficiency creates on the way a demand for imports of current inputs, fixed assets, and technology, some of it embodied in the imported assets. In fact, that demand tends to be greater than it would have been without the determination to be ultimately self-reliant. Moreover, "final" self-sufficiency is an elusive objective: the world does not stand still, and the prize moves away faster than those who race toward it. After decades of striving to be self-sufficient, the Soviets are discovering the wisdom of importing both labor-intensive goods from the developing countries and the most up-to-date technology from the industrialized nations of the West. The pursuit of self-sufficiency tends merely to distort the current pattern of the pursuer's external trade by marginally increasing his self-sufficiency in certain types of machinery and equipment.<sup>7</sup> In addition, a country determined to rely primarily on its own efforts is a more reliable trade partner than one which lacks this motivation, waiting for handouts, perpetually complaining about the callous and unjust world. While international like domestic welfare payments are essential up to a point, they are not the basis on which a healthy society can be built.

### THE UNITED STATES AND THE CHINA TRADE

The considerations just reviewed suggest that, barring sudden outbursts of collective exultation, China in the next ten years is likely to be an amenable trading partner. Given the fact that the Chinese deal through the state—however disguised that state may choose to be—while the United States deals by and large through individual business interests, a measure of United States governmental supervision and screening of the trade will be called for, if only to prevent private profit motives from running away with national security. This does not mean blanket control, but it does involve tempered, selective suasion by representatives of the voters.

The first thing to note is the potential size of the trade. At the present time, China's imports and exports together do not amount to much by international standards: a little over \$4 billion a year. For example, China's total yearly trade (imports plus ex-

ports) is less than one month's United States imports alone. In April, 1972, United States imports were running at an annual rate of \$53.6 billion and exports at an annual rate of \$47 billion—for a grand total of \$100.6 billion. The projected United States 1972 trade deficit is by itself almost one-fifth larger than the whole trade of China. Even making an optimistic assumption about China's domestic investment and production activity in the next decade, the best one comes up with is a doubling of the current volume of China's external trade, which would still represent a very small fraction of United States foreign commerce ten years from now.

Moreover, China's present trading partners—West Europe, Japan, Singapore, Canada and so on—are not going to sit idly by watching the United States make forays into their business. Nor will the less developed countries turn the other cheek while China pushes her food, textile, and raw material exports to the United States; neither will American labor unions and domestic producers of similar or substitute goods.

A realistic appraisal of potential United States-China trade in the coming decade must take into account two facts: first, the countries with which China currently trades will almost certainly be able to take care of China's increased import demand; second, the domestic American market for China's exports is small compared with European and Asian markets for those goods.<sup>8</sup> Given China's traditional policy of keeping the volume of imports from any one source roughly in balance with exports (except for wheat purchases, foreign aid ventures and the Hong Kong export trade), the difficulties which are likely to be experienced in penetrating the American market will tend to depress the overall level of United States-China commodity exchanges, the more so if sizable United States loans are not sought or not forthcoming. Assuming a doubling of Chinese foreign trade by 1982 and the ability of the United States to absorb about 5 per cent of China's exports and to sell the same proportion of China's (balanced) imports, total United States-China bilateral trade turnover ten years from now might reach \$400 million. Still using the assumption of a doubling of China's total trade, but relaxing the barter constraint (that is, assuming China's willingness to pay for some technologically advanced United States products with hard currency or gold transfers or, alternatively, positing long-term loans from the U.S.) it is possible to arrive at a higher figure which, however, tends to be very optimistic. Should Chinese sales to the United States represent about 5 per cent of total Chinese exports while imports from the United States are 10 per cent of total Chinese purchases from abroad, the resulting turnover would be \$600 million (United States imports from China: \$200 million: United States exports to China: \$400 million).<sup>9</sup>

<sup>7</sup> Dernberger, *op. cit.*, pp. 214, 217.

<sup>8</sup> This reasoning assumes that the traditional composition of Chinese exports will remain substantially unchanged in the coming decade.

<sup>9</sup> Dernberger, *op. cit.*, p. 259, considers United States imports in 1980 of \$200 million and exports of \$325 million to be a "plausible," "least pessimistic" estimate of the future course of United States-China trade in eight key commodities. Another "plausible" estimate ("pessimistic") is \$25 million each way. See also Loren Fessler, "800 Million Customers? Prospects for American-Communist China Trade," *East Asia Series*, Vol. XVI, No. 16, December, 1969.

These estimates are not so arbitrary as might appear: they take into account the present and expected composition of Chinese exports and imports, the ability and determination of the Japanese and others to hang onto their shares of the China trade, the state of the American domestic market for Chinese goods, and the probability of continued development of China's investment and production effort along "normal" lines.

An important variable not taken into consideration is the possibility of a marked improvement in Sino-Soviet relations. Such a possibility exists, despite the current avalanche of abusive language from Peking and Moscow. Were such improvement to materialize, it would still be unlikely to bring about a fundamental shift in China's policy of diversifying foreign sources of supply and markets. It would, however, call for a more conservative estimate of the probable share of the China market that could be secured by the United States. At any rate, it seems unlikely that—from a global point of view—the volume of United States-China trade ten years hence will be in excess of \$600 million. The likelihood of a smaller volume seems, on present evidence, more realistic.<sup>10</sup>

What goods are likely to be exchanged between the United States and China? Since 1950, the commodity composition of Chinese exports has not changed much: raw and processed agricultural products continue to represent about three-quarters of China's exports. This is not very different from the situation which prevailed in the 1920's. However, there has been a marked increase in the ratio of economic to food crops exported, the most significant rise being in cotton and other fibers. There has also been an increase in the ratio of processed to raw agricultural produce exported. Within the category of nonagricultural exports, the most important change in the last 22 years has been the decline of the relative share of minerals and metals. Despite much publicity, the relative share of manufactured goods in total non-agricultural exports has not registered any marked increase since 1958.<sup>11</sup> These are fairly normal changes in the commodity composition of exports of a country in the process of development and modernization. The pattern is likely to persist over the next decade or so.

China's food exports include meat, fish, eggs, rice, tea and edible oils. Economic crops include oil seeds, cotton yarn, tobacco, wool, furs, feathers, fine and coarse hair, leather, silk and crude animal matter. Minerals and metals encompass iron, base metals, quartz, tin alloys, mica, feldspar and a variety of

crude minerals. Manufactured goods comprise textiles, chemical products, footwear, carpets, paper, wood products, cement, and some simple machinery. With the exception of cotton textiles, all these commodities are of marginal interest to the United States. Moreover, United States imports of most of these goods have typically been only a small fraction of the volume of their imports by China's trading partners in Europe and Asia. Cotton fabrics theoretically bear the most promise. However, here the Chinese will have to contend with both foreign competition, especially from Hong Kong and Japan, and opposition from American labor unions and manufacturers.

The Chinese have the option of developing their tourist industry, but this would probably not bring in much more than \$25 million in 1982. The Chinese, in other words, will have a hard time marketing their traditional products in the United States, a fact which will, in turn, affect their capacity to buy goods in this country. Whether in the setting of relatively easier alternative markets they will decide to make the extra effort needed to sell their exports in the United States remains to be seen. It is unlikely that they will restructure their exports merely to fit United States demand.

Chinese imports fall into three main categories: current inputs for agriculture, light and heavy industry, construction and transportation; machinery and equipment; and wheat. Current inputs comprise such commodities as chemical fertilizers, pesticides, rayon yarn, iron and steel tubing, plates, rods and bars, copper alloys, tinned plates and sheets, precious metals, synthetic rubber and iron wire. These constitute roughly half of China's total imports, and the pattern is likely to persist in the coming decade. Machinery and equipment account for about a quarter of total imports, and include power machinery (mainly mining and construction machines), machine tools, mechanical appliances, equipment for the oil industry, specialized farm machinery, electrical measuring and controlling devices, precision machinery (accounting machines, computers), equip-

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<sup>10</sup> This compares with a 1970 United States-China trade of about \$4 million. *China Trade Report*, Vol. IX, No. 6, June, 1971, p. 1.

<sup>11</sup> Dernberger, *op. cit.*, pp. 209-210.

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*"The Sino-Soviet relationship will probably not recover the intimacy it had in the 1950's, but it will perhaps prove steadier and more enduring."*

## Sino-Soviet Relations and the Economic Imperative

BY O. EDMUND CLUBB  
*Foreign Service Officer (Retired)*

CHINESE PREMIER CHOU EN-LAI, speaking to a small dinner party of visiting Canadians and Americans in May, 1971, described the genesis of the Sino-Soviet dispute.<sup>1</sup> He said that when the Chinese (and Chairman Mao Tse-tung headed the group) visited Moscow in 1957 they had endeavored to dissuade Soviet Premier Nikita Khrushchev from proceeding too far on the path of revisionism, comprising (in the words of the reporter) "the Soviet policy of coexistence with capitalist states" and "what the Chinese view as a revival of capitalism in the Soviet Union." The effort had been fruitless. Other developments had followed: Khrushchev reneged on an agreement to assist China in atomic development, and Moscow gave aid and comfort to India at the time of the Sino-Indian border affray of 1962. Chou also remarked that in 1960 the Soviet Union had broken economic agreements between the two countries and withdrawn all Soviet experts and technicians.

Chou's exposition might have been rather more explicitly worded with respect to the conflict of Chinese and Soviet national interests. In power terms, China had sought security and aggrandizement in the foreign field. From 1957 to July, 1963 (the date of an abortive conference in Moscow between top-level delegations of the two parties), the Chinese urged a direct Soviet confrontation of the United States. Next, from 1963 to 1969, they tried to foment and lead a world revolution against *both* the United States and the Soviet Union. And in the economic field, in the decade ending with 1960, Peking evidently demanded that the U.S.S.R. and the European sector of the Communist bloc channel far more of their resources to the building of China's backward economy than they were willing to give. The economic factor was not the least of the issues dividing Peking and Moscow.

Mao Tse-tung was second to none of the ardent Chinese nationalists of the century in his aspiration to create a modernized, industrialized, powerful state.

<sup>1</sup> Audrey Topping, *The New York Times*, May 21, 1971.

In his 1949 essay "On the People's Democratic Dictatorship," he had voiced his belief that as long as imperialism remained in existence it was impossible for a people's revolution to consolidate its victory without "assistance in various forms from the international revolutionary forces." It was necessary for China to "lean to one side":

Internationally we belong to the side of the anti-imperialist front headed by the Soviet Union, and so we can turn only to this side for genuine and friendly help.

Moscow's actions in withdrawing its technicians and cutting off its China aid program in 1960 caught Peking by surprise, and the Chinese leadership was patently loathe to have the Soviets depart.

After 1960, Peking made a virtue of necessity, claimed economic "self-reliance," and recommended that attitude to revolutionary friends. China contrasted her economic autarky with Moscow's proposed "international division of labor," and undertook through the implementation of Mao's precept, "politics in command," to construct "socialism in one country." China's approach to the task differed radically from the Soviet pattern of economic behavior, but there was never any question of the Peking leadership's continuing desire that China should become a major economic power.

### UNDERLYING ECONOMICS

In 1969, when China abandoned the effort to lead a world revolution and reverted to the staid doctrine of the Five Principles which had been enunciated by Chou En-lai and Indian Premier Jawarhalal Nehru in 1954, it was generally assumed that the shift was in the main related to Peking's wish to serve the fifth of the principles, peaceful coexistence. China truly had good reason to seek some relaxation of tensions with world neighbors, great powers and small alike, that had been alienated by her brash and reckless actions during the Cultural Revolution. However, her reversal of strategy was also motivated by under-



lying economic considerations, for she was still far from the realization of her economic ambitions.

The Chinese emphasis on agriculture since 1960 has indeed enabled the rapidly growing nation to feed, clothe and house itself. It is no denigration of that considerable achievement to observe that, in industrial terms, China remains a second class power. At her present rate of progress, she stands no real chance of overtaking any one of the three economic "greats," the United States, the U.S.S.R. and Japan, in the visible future. The available evidence makes China's economic prospect clear enough: *by her unaided efforts*, China will not only be unable to catch up to the Big Three, but the gap separating her from them will widen in the remaining decades of the twentieth century. Whereas until 1969 China had been charging political and military "encirclement" by her major rivals, the encirclement was in equal measure economic. The pragmatists in the Chinese leadership appreciated the logic of the thesis presented by a Soviet writer against the background of the Sino-Soviet break of 1960: an isolated China, deprived of the cooperation and aid of other socialist countries, would under existing circumstances be unable to construct socialism.<sup>2</sup>

Eleven years later, almost to the day, *Izvestia* analyzed the Sino-Soviet relationship and concluded that China aimed at obtaining economic aid and cooperation from the West and Japan in exchange for her adoption of an anti-Soviet position.<sup>3</sup> President Richard Nixon's visit to Peking was at that time impending. The French writer-politician, André Malraux, had something to say in indirect support of the Soviet thesis. Visiting the United States prior to the President's departure, he said that when Nixon reached Peking he would be asked for massive American economic aid to China and that, unless he were prepared to make favorable response to the overture, the mission would result in failure.<sup>4</sup> Malraux indicated that the scale of the American aid would be comparable to that of the Marshall Plan, which cost the United States some \$11 billion.

In the field of economic relations, trade pure and simple was on the Sino-American agenda, but there had been an early indication that the United States looked forward more to competition than to a collaboration specially designed to help China. Speaking on July 6, 1971, President Nixon purported to foresee the time when, a few years later, five great power centers—the United States, the Soviet Union, China, Japan and West Europe—would be engaged in sharp

economic competition. He said that the United States faced "a situation where the four other powers have the ability to challenge us on every front" and was consequently called-upon to take "a hard look at what we have to do." He was manifestly moved by the spirit of rivalry with "friend" and foe alike. By logical inference, the other four power combines were automatically thrust into the category of players in the economic power game. In August, on the heels of the new political *démarche vis-a-vis* China, Washington launched heavy attacks on the Japanese economic position and forced the revaluation of the yen. In some respects the recent "enemy" appeared to be rather more favored than the Japanese ally.

Shortly thereafter, Peking's theoretical journal *Red Flag* published an article calling upon China's proletariat and her party to utilize the various contradictions in the current international situation against "our principal enemy of the moment."<sup>5</sup> The situation clearly favored the Maoist (and Leninist) tactic of manipulating secondary antagonists against the primary enemy. In the projected Peking summit, President Nixon (despite professions to the contrary) would be interested in developing a leverage to be used later in Moscow; Mao for his part was certain to be interested in putting a spoke in Japan's wheel, if possible. But in the minds of both of these two very political individuals, primacy would be given to the Indochina War.

## THE INDOCHINA WAR

That war exerts a natural pressure for the adoption of parallel Chinese and Soviet positions, even though China had argued, after 1965 (when the United States escalated the war), that China and the U.S.S.R. should each go it alone as regards aid to the Vietnamese revolutionaries. When Rumanian President Nicolae Ceausescu arrived in Peking at the beginning of June, 1971, for a state visit, he set forth some relevant sentiments at the banquet given in his honor:

In the present circumstances, the unity of the socialist countries, of the international Communist movement and of the workers represents an essential factor for the reinforcement of the anti-imperialist front and of the revolutionary and progressive forces. . . .

Our Party and our government attach a prime importance to the development of friendship and cooperation with all socialist countries, all Communist parties, and workers' movements.<sup>6</sup>

The Chinese demonstrated a significant measure of agreement with that proposition. On that same occasion, Premier Chou En-lai developed the theme, with a summons to the people of the world to persevere in the struggle against "United States imperialism and its lackeys." And in a meeting on June 3 with Ceausescu, Mao Tse-tung asked his guests to work harder

<sup>2</sup> S. Titarenko, *Pravda Vostoka*, August 23, 1960.

<sup>3</sup> Bernard Gwertzman, *The New York Times*, August 26, 1971.

<sup>4</sup> *Le Monde*, February 12, 1972.

<sup>5</sup> *Le Monde*, September 16, 1971.

<sup>6</sup> *Le Monde*, June 3, 1971.

still for (Communist) unity and the overthrow of "imperialism and all reactionaries."<sup>7</sup>

The whole thrust of Mao's attacks over the years against Moscow's allegedly "un-Leninist" approach to the problem of world revolution committed China ideologically to opposition to the American military presence in the arc stretching from Korea to Thailand. President Nixon and his advisers should have entertained no hope of Chinese assistance in terminating the Indochina War. With respect to the possibility of manipulating China as a counterweight to the U.S.S.R., logic also foreshadowed disappointment. From 1963 to 1969, China had been as anti-Soviet as she dared to be, in obedience to the imperatives of her "anti-revisionism"; she found in the end that she had exceeded permissible political limits and faced punitive Soviet action. As noted by Chou En-lai in his above-quoted dinner-table account, he and Soviet Premier Aleksei Kosygin had met (in September, 1969) at the Peking airport, and had agreed that the dispute regarding (ideological) principle should not be permitted to interfere with the normalization of state-to-state relations. Danger had brought a transference of the Sino-Soviet dispute to the realm of diplomacy, with a cessation of the armed border conflicts. Would Peking now return to its policy of confrontation with the Soviet Union to serve an American "anti-communism" that was being directed notably more savagely against China's revolutionary Asian allies than against the U.S.S.R., the chief citadel of "modern revisionist" communism itself? What could and would Washington offer in return? "Containment" of Japan? A Chinese "Marshall Plan"?

The publicity that emanated from China during the Nixon visit of February, 1972, and the joint communiqué released on the eve of the American party's departure from Shanghai gave no hint that the matter of massive American economic aid to China was discussed. Given the presumed priority accorded by both United States President Richard M. Nixon and China's Chairman Mao Tse-tung to certain political matters, it would appear probable that the issue was not specifically raised in their hour-long meeting of February 21. Whether or not André Malraux's report had reflected an actual political bargaining position that the Chinese had intended to assume nevertheless makes no real difference: it is hardly to be doubted that Malraux was well informed on the point of Mao's economic ambitions in general,<sup>8</sup> and that his account reflected a basic Chinese desire.

On the American side, it can be taken as prima

facie probable that the American President felt under no compulsion whatsoever to "commit" the United States to making China powerful so that the latter might in due course be in a position to confound and overwhelm her enemies. Visiting Hong Kong in April, the president of the U.S. Export-Import Bank was quoted to the effect that there were at present no prospects of the Bank's extending credits to China: "Maybe we will move in time," he said, "but not in the foreseeable future."<sup>9</sup> The United States was not disposed to shoulder the capital burden of China's economic development.

### THE SHANGHAI COMMUNIQUÉ

The United States received Peking's refusal to intervene at Hanoi to the end that the Indochina War might be settled on American terms; and Peking for its part received confirmation of the fact that Washington remained committed to victory. The Shanghai communiqué showed, also, that Washington realized that it had blundered with respect to Japan, and that the United States was bent on mending its relationship with Tokyo instead of injuring it further in service of Chinese political objectives. And since one of President Nixon's chief purposes for the 1970's, according to his February, 1972, State of the World message, is "the harmonization of conflicting national interests" with the U.S.S.R., it must be assumed in addition that Chou En-lai found no opportunity to exploit the American "barbarian" against the Russian. Peking was in a position to finalize its reappraisal of the strategy which assumed that both the United States and the Soviet Union could be treated simultaneously as prime enemies. The United States, particularly by reason of its pursuance of the war in Indochina, in all logic constitutes for Peking the "principal enemy of the moment."

In Maoist theory, China might choose, in determination of the secondary "contradictions" she might possibly deploy against the United States, to endeavor to align herself with either "militarist" Japan or the "social imperialist" Soviet Union. But was that option real? Was China now in a position to enlist either Japan or the U.S.S.R. against the "imperialist" United States for China's political profit? The hard fact was that Soviet diplomacy in Asia had proved notably more effective than the Chinese in the ponderous shift in the Far Eastern balance of power since 1965. That was the year of the American escalation of the war in Vietnam, the first Indian-Pakistani War, the Indonesian bouleversement, and the beginning of the Great Proletarian Cultural Revolution. Given especially the "Nixon shocks" and the impact of the Indian-Pakistani War of 1971, Moscow had been able to strengthen its Asian options. And Japan, although disengaging herself to a significant degree from the

<sup>7</sup> *The New York Times*, June 4; *Le Monde*, June 5, 1971.

<sup>8</sup> For a fuller exposition of the Malraux view see Jacques Amalric, *Le Monde*, February 17, 1972.

<sup>9</sup> *Christian Science Monitor*, April 12, 1972; for a notably contrasting estimate, see I. F. Stone, "The Pentagon and Peking," *New York Review of Books*, March 23, 1972, pp. 3-5.

American association, was still under no compulsion to subject herself to Maoist strategy and side with China: the signs indicated that, for the time being, Japan would operate from an independent middle position among the three powers, the United States, China and the Soviet Union, governed by considerations of her own national interest and profit.

There was the further circumstance that recent developments had incidentally brought the U.S.S.R. and Japan, now respectively the second and third ranking world economic powers, into a notably closer alignment of common interests—especially in the economic field. And certain developments indicated a growing political affinity. In January, 1972, Moscow and Tokyo agreed to enter upon negotiations for a peace treaty in the course of the coming year. In February, Japan announced her decision to extend recognition to the Mongolian People's Republic, and in the same month despatched two prominent foreign ministry officials on a mission to Hanoi. On March 1, Japan proclaimed her readiness to examine the earlier Soviet project for an Asian collective security pact. Tokyo's actions were measurably closer to Moscow's policy line than to that of Peking.

In the final analysis, the U.S.S.R. and Japan were both much stronger than China (excepting Japan's military strength), and they had discovered common interests. The greater the cooperation between the two major powers, the more cramped the options of China, for she could not play either against the other. Peking and Tokyo were at odds regarding such issues as Japan's trade ties with South Korea and Taiwan ownership of the Senkaku Islands (Tiaoyütai) with their presumed petroleum resources. China still remained farther from Japan, politically, than from the Soviet Union. It was only in the economic area that Peking had found a basic common interest with the Japanese. In 1970, Sino-Japanese two-way trade stood at \$825 million; in 1971, it was just under \$900 million. The Japanese are assiduous in exploiting the potential of the China market; but that potential has fairly well defined limits.<sup>10</sup>

Sino-American and Sino-Japanese relations have both had their influences, different though they are, on the evolving Sino-Soviet relationship. Ever since the Chou-Kosygin meeting at the Peking airport in September, 1969, there has been in course a gradual rapprochement making for formalization of peaceful relations between the two Communist governments. In a message of congratulatory greetings to the Soviet people on the occasion of the 53d anniversary of the

Bolshevik Revolution in November, 1970, Peking voiced China's desire to develop "normal state relations" with the U.S.S.R. "on the basis of the five principles of peaceful coexistence," proposing that the two countries should thereby resolve outstanding issues in their relations so that "relations between our countries will become friendly and good-neighborly."<sup>11</sup>

That pacific doctrine was embodied in the joint Sino-American communiqué issued at Shanghai on February 28, 1972, at the end of the Nixon visit. Moscow was not found wanting. In a speech of March 20 before the congress of Soviet trade unions, Soviet Party Chairman Leonid Brezhnev made a statement:

The Chinese official representatives inform us that the relations between the U.S.S.R. and the Chinese People's Republic should be founded on the principles of peaceful coexistence. Very well, if the Peking leadership does not accept more in its relations with a socialist State, we are then ready to develop Soviet-Chinese relations, at the present moment, equally on that basis.

I can inform you that not only do we proclaim that we are ready to do that, but also we are translating our words into perfectly concrete and constructive propositions relative to non-aggression, non-recourse to force, the regulation of frontier problems, the amelioration of relations upon a mutually advantageous basis.

These propositions have long been known to the Chinese leaders. It is up to them to express themselves.<sup>12</sup>

Thus "peaceful coexistence" was no longer an active issue between the Chinese and Soviet leaderships. Peking had subscribed to the doctrine as governing its own relations with the United States and with the Soviet Union besides. The situation had changed also as regards another factor. Mao's China, short of wealth for use as economic rewards, had endeavored strenuously to change Chinese man so that he would perform ever greater feats of production in exchange for simple subsistence. But the Chinese masses, while putting up a remarkable performance in terms of motivation, have stubbornly rejected the idea that they should labor for love of an abstraction alone. Consequently, after the Cultural Revolution, as after the Great Leap, China returned to an emphasis on the use of material incentives for which both the "revi-

(Continued on page 135)

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<sup>10</sup> As set forth in "Rapid Growth Not Expected In Japan Trade With China," *Japan Economic Review*, September 15, 1971, pp. 12-13.

<sup>11</sup> Tillman Durdin, *The New York Times*, November 8, 1970.

<sup>12</sup> *Le Monde*, March 22, 1972.

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*"... the Chinese at last appear to have stumbled upon the fact that what most of the countries of East Europe have nowadays in common is a deep ... resentment against the Soviet Union's cramping and ultimately suffocating interference in every aspect of their national affairs. Mao Tse-tung and his disciples hope therefore to make friends and influence people in Communist Europe ... by aiding wherever possible the ceaseless search for national identity and freedom of action."*

## China's Policies in East Europe

BY ANTON LOGORECI

*Specialist in East European Affairs*

COMMUNIST CHINA FIRST BECAME directly involved in the affairs of East Europe in 1956, the year of the Polish and Hungarian risings against both local Stalinist rule and Soviet domination. These upheavals were a direct outcome of the Twentieth Congress of the Soviet Communist party at which Soviet Premier Nikita Khrushchev denounced the evils of Stalin's system of government. Although Chairman Mao Tse-tung and the other Chinese leaders questioned the wisdom of Khrushchev's action and resented, in particular, the absence of any prior consultation with them, they nevertheless tried to make the best possible use of the repercussions of Khrushchev's bold political initiative in East Europe. They did this in two ways: by giving moral support to Polish and Hungarian attempts at achieving some degree of national independence from Moscow, and by challenging Russia's supremacy in the area, while making sure that Soviet authority and prestige were not completely eroded.

China's policy of intervention in Poland was somewhat simpler than her attempt to influence the course of events in Hungary. In Poland, the revolt against the Stalinist regime was confined to the ranks of the Communist party; the country's armed forces remained under party control, and there was no question of breaking away from the Soviet alliance. Consequently, the Chinese leaders were able to back Wladyslaw Gomulka, the main contender for the leadership of the Communist party, while at the same time using their influence to restrain the Russians from resorting to military force against the Poles.

In Hungary, on the other hand, Chinese policy faced a far more complex situation. There, the Communist party lost control of the armed forces; the insurgents demanded a multi-party system of government as well as a declaration of Hungary's neutrality.

At the beginning of the rising, an official Chinese statement supported the "just demands" of the Hungarian people against the "big-power chauvinism" of the Soviet Union. However, a few days later this policy was reversed, and Peking backed Moscow's suppression of the Hungarian rebellion by brute force.

Khrushchev's general policy and his handling of the momentous events in Poland and Hungary were thus the cause of bringing China into Europe. But this historic development, important though it was, carried the seeds of yet another major event: the political and ideological dispute between China and the Soviet Union that was to become public some four years later. The first signs of this rift became apparent at the Moscow conference of the ruling Communist parties held in Moscow in November, 1957, to take stock of the upheavals of the previous year and of their implications. The meeting was attended by Mao Tse-tung, whose very presence indicated that the Chinese were plainly determined to have a say in the future policies of the Communist movement as a whole, even though they were prepared to acknowledge, for the time being at least, Russia's leadership of the movement.

The statement issued after the meeting bore the marks of current Chinese thinking. Its attitude to the Western powers, for instance, was intransigent in the extreme; it was maintained that as long as imperialism existed the outbreak of wars was a distinct possibility. With regard to the Communist movement itself, the Moscow declaration stated that revisionism constituted its main and most immediate danger. This was a direct reference not only to Hungary's abortive attempt to deviate from orthodox Communist doctrine but in particular to Yugoslavia's successful rebellion against Moscow for almost a decade. The Yugoslav representative at the con-



ference disagreed with this view and refused to sign the declaration.

The next acts of the Sino-Soviet drama were played in Bucharest in June, 1960, and in Moscow the following November. The first was a meeting of the 12 ruling Communist parties at which Khrushchev opened his offensive against the policies of the Chinese. The second and far more serious encounter took place in Moscow five months later, at a gathering of 81 Communist parties of the world.

The Soviet leader had gone to the Bucharest meeting for the express purpose of airing his many grievances against the Chinese. Addressing a closed meeting in the Rumanian capital, he attacked Mao Tse-tung by name, accusing him of behaving like another Stalin, "oblivious of any other interests except his own, spinning theories detached from the realities of the modern world." Mao had become an extreme leftist and dogmatist. The Chinese, Khrushchev said, talked a great deal about war, but in fact they did not grasp the true meaning of modern war. This challenge was taken up by Peng Cheng, the Chinese delegate at the conference, who said that it was clear that Khrushchev had organized the meeting for the sole purpose of attacking the Chinese Communist party and its leader, Mao Tse-tung. Peng claimed that far from being remote from the modern world, Mao was more closely in touch with it than Khrushchev was ever likely to be. As far as understanding modern war, the Chinese had shown in Korea as well as in their struggle against Japan that they had more experience of it than most other people. Peng Cheng added that the Soviet leader, himself a revisionist, had created several illusions about the true nature of imperialism, whose real strength he was in the habit of underestimating.

The representatives of all the Communist parties present at Bucharest, with one exception, supported the Soviet case against China. The odd man out was the spokesman for Albania, whose defense of Chinese policies marked the beginning of his country's rupture with the Soviet bloc.

The clash between the Soviet Union and China next unfolded upon a much wider stage in the presence of representatives of all the Communist parties of the world who gathered in November, 1960. Although each side put its case against the other in obscure ideological terms, it was clear that their disagreements concerned such issues as the leadership of the international Communist movement and their own respective national interests. Teng Hsiao-ping, the Chinese delegate, complained that the Russians seemed determined to misrepresent and discredit the policies of the Chinese Communist party. All hope that the conference would achieve some kind of compromise between the two rival great powers was dissipated when the leader of the Albanian Commu-

nist party, Enver Hoxha, addressed the meeting. He not only reiterated Peking's grievances in a much more truculent manner than the Chinese had done, but also launched a personal attack on Khrushchev, whom he accused of resorting to pressure and even subversion against his own country.

These bitter exchanges were accompanied throughout 1960 by a number of concrete measures that were to have a lasting effect on the relations between Moscow and Peking. The Soviet Union withdrew all its technical experts from China; within a short time, Albania, too, was deprived of all Soviet economic aid and of the services of Soviet advisers. By the end of the following year, Albania paid the final penalty for her rebellion when Moscow broke off diplomatic relations with Tirana. This in effect meant Albania's virtual expulsion from the Soviet bloc. China's immediate response to these measures was to extend both economic aid and political support to the Albanian regime.

The intensified conflict between the Soviet Union and China had a clear message for the other Communist countries of East Europe: their salvation lay in remaining loyal to Moscow by rejecting the Chinese challenge to Russia's historic claim to the leadership of the Communist movement. And indeed, at the beginning, Moscow was given no reason to doubt the loyalty of most of its European allies. However, within a few years Rumania opposed a Soviet proposal for integrating her economy with that of the other countries of East Europe, and evolved a knife-edge policy of neutrality towards the Sino-Soviet dispute in the hope of enhancing her own national independence. This involved the Rumanian leaders in the difficult task of resisting Soviet pressures without breaking up their alliance with Moscow, while at the same time rejecting China's blandishments without harming their chances of forming a useful friendship with Peking.

#### **INVASION OF CZECHOSLOVAKIA**

Apart from being one of the major events in the postwar history of Europe, the Soviet invasion of Czechoslovakia in August, 1968, was a watershed in the national policies of three East European countries—Rumania, Yugoslavia and Albania—as well as of China. Although a member of the Warsaw Pact, Rumania not only refused to take part in the invasion but criticised it when it took place. Moreover, she and the two other countries of the Balkans felt threatened by a sinister by-product of Russia's military intervention in Czechoslovakia: the so-called "Brezhnev doctrine" which maintained that the Soviet Union had the right to use force if it thought that a Communist country was straying from orthodox doctrine. Consequently, the three countries took steps to strengthen their military defenses and de-

clared that they were determined to fight for their independence.

Soviet behavior in 1968 also shocked these countries into mending their relations with one another in a way that would have been unthinkable before the invasion of Czechoslovakia. Relations between Albania and Yugoslavia had been extremely bad for some 20 years, with Albania conducting, for the greater part of the time, an ideological as well as a nationalist propaganda campaign against her neighbor. The Albanian regime decided to stop this, indicating that it was prepared to bring to a close the period of hostility towards Yugoslavia. The new policy of friendship culminated in the restoration of diplomatic relations between the two governments towards the end of 1971. A distinct improvement in the relations between Albania and Rumania also became apparent after the invasion of Czechoslovakia.

But perhaps Soviet policy in 1968 had its greatest and most lasting effect on China's outlook on the outside world and, in particular, on her attitude to some of the countries of East Europe. The remarkable transformation that occurred in her attitude to Yugoslavia is a case in point. During the initial phase of the Sino-Soviet dispute, the two great Communist powers, but especially China, regarded the Yugoslav regime with undisguised contempt as the arch-revisionist regime that had dared to contaminate the pristine purity of Communist doctrine. China withdrew her ambassador from Belgrade as long ago as 1958. After that, whenever the Chinese wanted to criticize Soviet policies in public without the inconvenience of having to cite Moscow by name, they directed their fury against Yugoslavia.

Similarly, the Soviet Union resorted to heaping abuse on Albania when in actual fact its real target was China. When, however, the Yugoslavs made it clear that, unlike the Czechs and the Slovaks, they would oppose by force of arms any Soviet attempt to subjugate their country, the Chinese leaders decided that the time had come for them to change their ideologically inspired policy towards Yugoslavia. So within a short time, Peking dropped the kind of propaganda which had tried to show that the country had become bourgeois and capitalistic; early in 1969 the first trade agreement in many years was concluded between Peking and Belgrade; diplomatic relations were reestablished a year later.

#### AFTER THE CULTURAL REVOLUTION

This was a major turning point in the evolution of China's foreign policy after the Cultural Revolution of 1966-1968. In the course of that momentous event, Chinese leaders tended to see the Communist movement and the outside world as a whole through the haze of Maoist ideology, with the result that countries which did not conform to their philosophy

were considered unworthy of any support or help. But their blinkers suddenly dropped after the Cultural Revolution and after Russia's intervention in Czechoslovakia. This led to the discovery that it would be more rewarding to support all those countries which were prepared to defend their independence, while at the same time recognizing their right to work out their national policies without outside interference.

Consequently, the Chinese leadership pledged itself to give every aid within its power to Yugoslavia, Rumania and Albania in their determination to defend themselves from Soviet aggression. This new policy became explicit when President Nicolae Ceausescu of Rumania and Mirko Tepavac, the Foreign Minister of Yugoslavia, visited Peking in June, 1971. The Chinese Vice-Premier, Li Hsien-nien, assured the Yugoslav Minister during the visit that his country could expect firm support from the Chinese in its "struggle to oppose foreign aggression and defend its national independence and sovereignty." Chou En-lai, the Prime Minister, was even more forthcoming in his public statements during his talks with the Rumanian leader. He pointed out that some of the smaller countries of Europe were beginning to resist attempts to dominate them; if they persisted in their struggle for independence, and helped one another, they would in the end defeat foreign domination. Chou En-lai added that his country would support Rumania or any other country which stood up for its rights, irrespective of the type of Communist policies they pursued at home. This line of thought may have been suggested before in the profusely turgid output of Chinese news media; but it had never been put in a clearer or more authoritative manner than it was by Chinese official spokesmen during the Rumanian and Yugoslav visits.

The significance of this shift in China's position was immediately grasped in Moscow. The Soviet Union soon reacted by setting in motion a press campaign in some of the countries of East Europe which claimed that Rumania, Yugoslavia and Albania were planning to form a special alliance under Peking's auspices. The three countries, particularly Rumania as a member of the Warsaw Pact, were warned that such a move would have dangerous consequences for all of them. The warning was reinforced by a series of joint military exercises held in

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*"... China has assumed a new and more active role in the external politics of ... [East, Southeast and South Asia]," notes this specialist, who points out that "That role is likely to grow and undergo further change in the years ahead."*

## China and Other Asian Lands

BY RICHARD BUTWELL

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CHINA'S RELATIONS WITH THE other governments of Asia are today undergoing faster and more important change than at any time since the creation of the Chinese People's Republic in 1949. This change is probably greatest in the relationship between Peking and the smaller Communist countries of North Korea and North Vietnam, but it is also to be seen in the developing new ties between China and other lands—such as the long-time vigorously anti-Communist government of the former American colony of the Philippines.

The changes are not wholly of China's own doing, however. In part, they reflect Peking's reaction to the American "Nixon Doctrine" (and the consequences thereof) as well as initiatives taken by various other Asian states to alter their relationships with China. Largely recovered from the "Cultural Revolution,"<sup>1</sup> China is today in a better domestic position than she has been for many years to seek to shape her relations with her various Asian neighbors along lines more favorable to her interests.

This is not to say that China's relations with such neighbors have entered an era of new or lasting cordiality and cooperation. Peking's relations with many states remain strained, and some of these could easily become more strained—such as the tender ties with North Vietnam. But China is today trying to take charge of her relations with other Asian governments—seeking to reorient some, if not all, of them in light of changing great power strategic relationships in East and South Asia.

Probably the most dramatic reverberation of changing Chinese-American relations was the diplomatic

understanding reached by the two Koreas in mid-1972. The agreement between North and South Korea to seek improved relations between themselves—which broke upon the world in early July, 1972, with no less surprise than the announcement of the planned trip of United States President Richard M. Nixon to China a year earlier<sup>2</sup>—was a direct outgrowth of the efforts of Peking and Washington to try to minimize their differences. The South Koreans were originally the most shocked of the United States Pacific allies over the "Nixon Doctrine" and the related partial United States military pullback from the Western Pacific, and the Seoul government's agreement to better relations with North Korea—towards the end of an ultimate reunification of the divided peninsula—must be regarded as part of a continuing reaction to the changing power balance in East Asia.

North Korea's agreement to seek to improve relations with the regime of South Korean President Park Chung Hee—without requiring the prior removal of 43,000 United States troops in South Korea—was part of North Korean Marshal Kim Il-sung's new policy (including the admission of selected important American newsmen to the country in 1972) of bettering relations with countries previously regarded as hostile. The question is whether the North Koreans were merely following Peking's example of improving relations with North Korea's long-time number one foe, the United States, or whether Marshal Kim was seeking to solve a local problem with the other involved local party in order not to be excessively at the mercy of agreements reached by the big powers (including China) with only limited attention to the interests of smaller states.

North Korean-Chinese relations reached a low point during the "Cultural Revolution" years of 1966–1968 but began to improve after 1969—particularly as Peking variously played on Pyongyang's

<sup>1</sup> Such recovery does not mean that there are not important political legacies for China today of the "Cultural Revolution." For an excellent analysis of this subject, see Harry Harding, Jr., "China: The Fragmentation of Power," *Asian Survey*, January, 1972, pp. 1–14.

<sup>2</sup> For details and analysis of the negotiations between the two Koreas and their results, see *The New York Times* for July 4, 5, and 6, 1972.

fears of revived Japanese "militarism" (fears shared by China's own leaders).<sup>3</sup> Peking-Pyongyang tactics seemed strangely out of gear as recently as 1971, however, with China agreeing to receive President Nixon while North Korea was being accused of major subversive activities in such distant lands as Mexico, Ceylon and India. The mid-1972 accord with South Korea, following secret talks between the two Korean regimes, seemed to suggest that the two neighboring Asian Communist governments were now following generally similar foreign policies of reconciliation with old adversaries.

Regardless of whether the North Koreans sought improved relations with South Korea at the behest of China, because of apprehensions respecting Chinese-United States relations, or wholly for Korean nationalistic reasons, the July, 1972, accord between the two Koreas will be an important influence on Peking's future behavior towards the divided Korean peninsula. China will find it awkward even verbally to assault South Korea—whatever her political or economic orientation—when that non-Communist state has formally agreed to seek to improve relations with a friendly Communist country like North Korea.

The accord between the two Koreas, however preliminary and tenuous, is probably also partly rooted in a desire to withstand possible future Japanese influence after expected American military disengagement from the peninsula. Peking has previously emphasized growing Soviet-Japanese ties in seeking to maximize its influence in Pyongyang, and, while

<sup>3</sup> The development of Peking-Pyongyang relations is reviewed by Robert R. Simmons in "China's Cautious Relations with North Korea and Indochina," in *Asian Survey*, July, 1971, pp. 630-636. See also pp. 28-31 of the same author's "North Korea: Year of the Thaw," *Asian Survey*, January, 1972.

<sup>4</sup> In its criticisms of President Nixon's comments in "a recent document" (the February, 1972, Nixon-Chou En-lai communiqué), North Vietnam in effect was attacking Peking, too, for hosting the United States leader. See the *Washington Post*, March 8, 1972.

<sup>5</sup> U.S. intelligence estimates in early 1972 showed that Soviet weapons assistance to North Vietnam was down considerably from what it had been earlier in the war. *The New York Times*, April 13, 1972.

<sup>6</sup> See *The New York Times*, July 5, 1972.

<sup>7</sup> As of mid-1972, Hanoi had still not told the North Vietnamese people of American President Nixon's visits to either Peking or Moscow—or the agreements resulting from these meetings for improved relations with the United States. For a good review of Chinese and Soviet "pressures" on Hanoi, see Robert Kleiman's "Sino-Soviet Influence on Hanoi," in *The New York Times*, June 19, 1972.

<sup>8</sup> For detailed examination of the Podgorny trip and United States presidential adviser Henry A. Kissinger's visit to Peking at the same time, see Murray Marder's analysis in the *Washington Post*, June 15, 1972. Kissinger admitted upon his return from Peking that he had discussed the Vietnam war at length with Chinese leaders. *The New York Times*, June 25, 1972.

<sup>9</sup> See, for example, *The New York Times*, March 10, 1972. Part of the available public information on Chou's trip to Hanoi was supplied by Cambodian political exile in Peking Prince Norodom Sihanouk—not necessarily the best source on such a subject (because of his own biases and the likelihood that China would probably not tell Sihanouk of any pressure she was putting on North Vietnam).

North Korea has not abandoned her neutral posture vis-a-vis the Chinese and the Russians (and relations with Moscow remain good), it is clear that China is prepared to exploit any future development that might be used to the Soviets' disadvantage.

## RELATIONS WITH HANOI

The impact of improved Chinese-United States relations on Peking-Hanoi ties<sup>4</sup> has also been felt, even though the initial consequence may paradoxically have been the Vietnamese Communists' 1972 spring offensive (designed to force both the Chinese and the Soviets to accord greater support to the North Vietnamese effort to unify the divided country by force).<sup>5</sup> Initial reaction in Washington to the July, 1972, Korean agreement was the hope that it might inspire a similar local political settlement in Vietnam.<sup>6</sup> The key message of the Korean accord was the agreement of the two sides to work for the political unification of their country by peaceful means. If Peking were in any way behind the Korean pact, it is possible that China might also be seeking similarly to get the North Vietnamese to give up force, temporarily or otherwise, as a means of attaining their objectives in Vietnam.

There were, in fact, repeated reports through the middle months of 1972 that both China and the Soviet Union—separately—were bringing pressure on Hanoi to come to terms with the United States to end the fighting in Vietnam.<sup>7</sup> Soviet President Nikolai V. Podgorny flew to the North Vietnamese capital for this purpose in June, 1972, saying during a Calcutta stopover en route to Hanoi that the "Vietnam problem should be immediately solved."<sup>8</sup> Chinese Premier Chou En-lai's earlier trip to Hanoi—which followed President Nixon's visit to Peking (as Podgorny travelled to North Vietnam in the wake of the American leader's visit to Moscow)—was initially interpreted as a move to assure the Vietnamese Communists that no Vietnam deal had been made by Chou and Nixon.<sup>9</sup> It subsequently appeared, however, that Chou may already have also been urging Hanoi to pursue a negotiated settlement in the Vietnam fighting.

General Nguyen Vo Giap's 1972 spring offensive, committing whole divisions of regular troops to the fighting in South Vietnam before the final softening-up of the general population, was a departure from Maoist military strategy. It followed Chou En-lai's March visit to Hanoi and was undoubtedly a reaction to it—but apparently not the one Chou wanted. It also reflected the temporary ascendancy of military leader Giap in the political vacuum created by the serious illness of North Vietnamese Premier Pham Van Dong and the deadlock between the two chief factions of other political leaders—whose differences



had previously been partly moderated by the sick Premier.

The offensive launched by North Vietnam on April 1, in any event, was a Hanoi-decided move—probably not encouraged by either China or the U.S.S.R. The Chinese, however, pretenders to leadership of the less developed of the world's nations against the allegedly imperialist countries, could hardly criticize Hanoi—publicly. Peking's support, however, was mild—in terms of the language used to attack the United States' response to the North Vietnamese attack—compared with the much stronger denunciation of both the Americans and the South Vietnamese at the time of their February, 1971, military move into northern Laos to interdict the Ho Chi Minh Trail. The United States mining of Haiphong and the other ports in May, 1972, however—and the unprecedented bombing of North Vietnam by American planes—were much more serious military moves from Hanoi's point of view.

But the Chinese have not sold out the North Vietnamese—any more than they have sold out the North Koreans. Peking has altered its strategy, and North Korea, because she saw the wisdom of doing so, apparently has gone along with China. The North Vietnamese, on the other hand, agreed to a negotiated settlement once before—at Geneva in 1954—at Sino-Soviet urging, and the subsequent United States-Vietnamese war, as they see it, was the unfortunate result.

Even given the pounding North Vietnam has taken in the months since the 1972 offensive started, Hanoi will not easily acquiesce in a negotiated settlement that falls short of its proclaimed political goals. From Peking's point of view the choice may ultimately come down to this (if it has not already done so): either North Vietnam calls the tune for China's foreign policy in Southeast Asia and slows down the American military retreat from the Western Pacific (and thus accords the U.S.S.R. still greater opportunity to expand its influence in the area), or Hanoi experiences the full impact of American military destructive capacity if the Vietnamese Communists will not make concessions regarded as reasonable in Peking's eyes.

China's relations with the two other Indochinese countries, Laos and Cambodia, depend partly, but not completely, on the resolution of Hanoi-Peking differences. China has provided a political home in Peking for ousted Cambodian leader Prince Norodom Sihanouk since 1970, and she has, accordingly, sup-

ported Sihanouk and his personal and indigenous Communist allies directly—as recently as March, 1972, moderating major developing differences between the Prince and Hanoi.<sup>10</sup> In March, Chou En-lai also publicly criticized “certain powers”—meaning primarily the Soviets and, to a lesser extent, France—who were allegedly trying to create a third-force alternative to Sihanouk's Peking-based government-in-exile.<sup>11</sup>

Actually, China has never been a major participant in the Cambodian political-military drama, neither provoking it nor having any reason to encourage its indefinite continuance. At the same time, she has directly supported the Cambodian dissidents (while the U.S.S.R. has maintained diplomatic relations with Marshal Lon Nol, who overthrew Sihanouk, and supported anti-Lon Nol insurgents only indirectly through aid to Hanoi).<sup>12</sup> If she could attain an approximation of the kind of political partiality that existed during Sihanouk's era, China would probably opt for such a solution. But this assumes North Vietnamese cooperation (which might be difficult to obtain in view of the Vietnamese Communists' occupation of much of eastern Cambodia)—or Hanoi's defeat, at least partial, in Vietnam proper. Yet China does have the advantage of direct links with Sihanouk and the anti-government Cambodian insurgents—which lessens her dependence on Hanoi in dealing with other parts of the Indochina problem.

Peking's leverage in Laos is more physical than personal; China holds no political hostages like Sihanouk and his entourage in Peking, but she is in effective control of a good part of northern Laos. China continues to build a road across the northern part of the country towards the border with Thailand<sup>13</sup>—a project authorized by Laotian Premier Souvanna Phouma in an earlier and quite different political period. It is highly unlikely that this Chinese in-country presence will be terminated in the foreseeable future; indeed, it will surely be used to influence any future government of Laos to be as friendly as possible towards Peking (which could mean neutrality rather than partiality).

More than half the rest of the country, however, is in North Vietnamese hands. The Communist Vietnamese presence in Laos has been used primarily for the purpose of supporting the war in South Vietnam in recent years, but it preceded the warming-up of that war in the 1960's by almost a whole decade. China may be able to use her continued support of a Communist Vietnamese presence in thinly populated and jungled eastern Laos as part of the bait to get Hanoi to agree to a negotiated settlement with the Americans in Vietnam. But if Hanoi will not go along with such a settlement, it is hard to see how Peking—as a supporter and supplier of North Viet-

<sup>10</sup> *The New York Times*, March 18, 1972.

<sup>11</sup> *The New York Times*, March 20, 1972.

<sup>12</sup> An outstanding analysis of differences between Peking's and Moscow's approaches in this regard appears in Joseph Kraft's column of March 9, 1972, in the *Washington Post*.

<sup>13</sup> There were reportedly 14,000–20,000 Chinese troops in northern Laos working on this road-building activity in 1971. See “China's Road South,” *Far Eastern Economic Review*, September 11, 1971, p. 17.

nam in that war (and in its extension to Laos)—can appreciably improve its relations with the other mainland Southeast Asian countries to the immediate west—particularly adjacent (and, so far, firmly pro-American and anti-Communist) Thailand.

### THE REST OF SOUTHEAST ASIA

Of all the Southeast Asian lands beyond Indochina, only the Philippines appears likely to alter its relationship with China in a fundamental fashion in the early future. The Philippines, increasingly restive in its defense relationship with the United States shaped in an earlier era of more dramatic confrontation with the Communist countries, was a leader at the 1972 annual meetings of both the Asian and Pacific Council (ASPAC) and SEATO for new postures towards China. In June, 1972, it was announced that Filipino Foreign Secretary Carlos P. Romulo, long an outspoken foe of communism, would visit Peking.

Pressure for diplomatic relations as well as for trade with the U.S.S.R. has been building for some time in the Philippines, and an exchange of diplomatic representatives between Moscow and Manila is likely in 1972 or no later than 1973. Diplomatic relations with the Chinese will probably be inaugurated shortly thereafter—despite the fact that China has actually done very little to woo the Philippines (except for invitations to selected members of the Filipino elite to visit the mainland.)<sup>14</sup> Peking, indeed, has provided sanctuary for young Filipino extremists who fled the country in the wake of President Ferdinand B. Marcos' crackdown against them.

Neither the present governments of Thailand nor Indonesia desire direct relations with China, but Peking has been cautiously seeking to make contact with the Thai (while simultaneously supporting insurgent activity in northern Thailand). Peking also beams hostile broadcasts to Indonesia and affords a refugee Indonesian Communist community sanctuary in China, but Indonesia's soldier-leaders fear a renewed Chinese embassy presence in Djakarta, which might be used, as in the middle 1960's, to support communism in Indonesia. Indonesian Foreign

Minister Adam Malik told this visitor to his country in May, 1972, that revived diplomatic relations with Peking—previously existent ties having been “suspended,” not broken—could not be expected for another three to four years “because the generals do not want them.”<sup>15</sup> China, apparently cognizant of this circumstance, has wasted no energy trying to improve relations with Indonesia, even though Indonesia is a country with more people and natural resources than Japan or Pakistan.

There is no apparent general support for improved relations with China in Indonesia. But there appears to be considerable backing for ties with Peking among some important elements in Bangkok—most notably, former Foreign Minister Thanat Khoman,<sup>16</sup> for several years the main architect of Thai foreign policy. Primarily at Thanat's prodding, Thailand was exploring ways of improving relations with Peking, without particularly conspicuous success, until November, 1971—when a “coup” by the soldier-dominated “executive branch” of the government overthrew an “obstructionist” Parliament, ending constitutional rule in the country. Since that time, there has been a renewed hardening of the Thai attitude towards China.<sup>17</sup>

China, however, has extended an invitation for a Thai table tennis team to participate in a Peking tournament—which it will probably be permitted to do. The ruling Thai military group, however, hard-headedly recognizes that a table tennis tournament invitation is hardly sufficient compensation for continued Chinese training and supply of anti-government insurgents in northern Thailand.<sup>18</sup>

Unlike Thailand, Malaysia has variously sought expanded as well as improved relations with the Chinese. But she has not yet officially recognized China, partly for reasons related to her large Chinese minority population—although the Kuala Lumpur government envisages a major post-Vietnam role for Peking in Southeast Asia. The Malaysians are the chief proponents of the neutralization of Southeast Asia in the five-nation Association of Southeast Asian Nations (ASEAN)—otherwise comprising Indonesia, Thailand, Singapore and the Philippines. And Premier Tun Abdul Razak would like the great powers—which he defines as China, the United States and the U.S.S.R.—to guarantee such neutralization.

China and Malaysia have exchanged commercial missions, and in August, 1971, a trade agreement was signed between the two countries. But China has not halted her anti-Malaysian radio broadcasts, although these have been moderated. She has, however, endorsed the November, 1971, Malaysian-Indonesian position that the strategic Straits of Malacca is not an international waterway, falling within the 12-mile territorial-waters limit claimed by the two Southeast

<sup>14</sup> One of the most recent of such Filipino political visitors to China was Senator Salvador Laurel—with whom the author discussed his trip and Chinese attitudes towards him and the Philippines in Manila on May 16, 1972.

<sup>15</sup> Interview in Djakarta on May 25, 1972.

<sup>16</sup> For Thanat's view of the “aftermath of the Peking summit,” see his two articles in the *Bangkok Post*, May 29 and 30, 1972. The writer also talked with Thanat in Bangkok on June 15, 1972.

<sup>17</sup> Chief Thai delegate Pote Sarasin (with whom the author talked in Bangkok on June 9, 1972) told ASPAC delegates in Seoul the same month that Thailand could not go along with reconciliation efforts towards the People's Republic of China “as long as China aids terrorists in the country.” *Bangkok Post*, June 15, 1972.

<sup>18</sup> For the views of Thai strongman General Prapas Charusathira on Chinese support of Thai insurgents, see Dick Wilson's interview with him in the *New Nation* (Singapore), May 25, 1972.

Asian governments (in contrast with Soviet, Japanese and more veiled American opposition to the stand).<sup>19</sup>

Neither of the other two Southeast Asian governments, Burma or Singapore, has a very different relationship with China today than formerly. Burmese leader Ne Win did visit China in August, 1971, when the earlier discontinued Chinese aid program was restored. But a new outbreak of clashes between Chinese and Burmese elements along Burma's northern border in early 1972 raised doubts as to whether anything had basically changed. And Singapore—with three-quarters of her population ethnic Chinese—continues to be hesitant to have direct political relations with China, partly because of the impact on her own people and partly because of what other Southeast Asian countries might read into the situation.

### SINO-JAPANESE RELATIONS

Important though China's relations with various of the Southeast Asian countries (particularly North Vietnam or North Korea) may be, the country in East Asia of the greatest continuing concern to Peking is Japan—and that concern is increasing.<sup>20</sup> Japan, after all, invaded and sought to conquer China in the 1930's and 1940's and is today the principal foreign investor in, and trading partner of, the Nationalist Republic of China on Taiwan. Japan figured prominently in the Sino-American talks of February, 1972, and Peking's fear of Japan's role in the area after an American military disengagement from East Asia has been a main moving force behind China's changing East Asian foreign policies.

There was a let-up in Peking's criticisms of Japan as a country—as contrasted with Premier Eisaku Sato as her leader—following President Nixon's February, 1972, visit to Peking. Kakuei Tanaka, who succeeded Sato as Japan's political leader in July, 1972, pledged to establish diplomatic relations with China, and indications were that the Chinese would enter into very active competition with the Soviets in seeking the friendship of, and some possible influence on, the new Japanese government.

The main obstacle to improved Sino-Japanese relations is Taiwan and Japan's relationship to it. Peking has publicly made known its position that diplomatic ties are impossible until Japan recognizes the Chinese People's Republic as the government of all of China, including Taiwan, and repudiates her 1952 World War II peace treaty with Chiang Kai-shek's regime. That treaty waived all Chinese reparations claims against Tokyo, and its repudiation would reopen the

thorny problem of Japanese financial and other obligations stemming from her wartime invasion and partial occupation of the mainland.

Japan's paramount foreign economic position on Taiwan will probably not be easily abandoned by Tokyo's shrewd political-economic leaders, but Peking will hold out the bait of greatly expanded economic opportunities on the mainland. The Japanese are already China's number one trading partner—which not only serves their economic interest but has created a growing Chinese supply dependency on Tokyo.

At the same time that Peking plans to woo Tokyo and may need Japan's economic help, however, it is also apprehensive about Japan's future role in East and Southeast Asia. China appears not to fear Japan primarily as an American ally as much as she fears the Japanese as partial successors to the United States political-military role in the Western Pacific. The United States has played the role of the major foreign force restraining Japan since World War II, mainly by assuming responsibility for the country's defense—and it has been a role by no means to the disadvantage of China. Peking is fully aware of United States-Japanese differences, and it appears to take very literally the "Nixon Doctrine" message that the Americans would like drastically to cut their military presence in East Asia. Japan can be expected ultimately to succeed to some of the discontinued American military presence in the area, her disclaimers to the contrary notwithstanding—thereby possibly blocking China from the potential dominant role she may wish to play in the region.

### CHINA AND SOUTH ASIA

The Chinese also appear to fear some kind of Soviet-Japanese relationship to their disadvantage in East Asia. In Peking's eyes, such a relationship already exists between Moscow and New Delhi in the Indian subcontinent and is beginning to make itself felt in Southeast Asia, where the U.S.S.R. continues to make inquiries respecting support for the Brezhnev proposal for new Asian security arrangements (with India strongly seconding the Soviets in this aspect of their foreign policy).

India has tried in recent years to improve relations with Peking—to only modest avail. Relations did improve somewhat in 1971, however, despite the dif-

*(Continued on page 137)*

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<sup>19</sup> See "International Controversy Over the Straits of Malacca," *Asia Research Bulletin*, April, 1972, pp. 771-774.

<sup>20</sup> An outstanding analysis of the Sino-Japanese problem is contained in Sheldon W. Simon, "China and Japan: Approach-Avoidance Relations," *Current Scene*, January 7, 1972, pp. 1-8.

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*"In retrospect, the President's Peking initiative appears as a bold and brilliant move which has led already to considerable gain for the United States position, and no apparent real losses. It has decreased the danger of sharper confrontation and has improved the chances for broader peaceful settlements."*

## The New United States-China Policy

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PRESIDENT RICHARD NIXON's announcement on July 15, 1971, of the secret Peking visit by his foreign policy adviser, Henry Kissinger, and of the anticipated visit to Peking by the President himself clearly initiated a new phase in United States policy toward Mainland China. The "normalization" of United States relations with Peking meant more, much more, than the resumption of a contact disrupted by the Communist takeover of the mainland in 1949. It was the first dramatic step of a new China policy. Yet it was more a change of approach resulting from a new situation than a basic change of purpose; it did not disavow the policy of the past.

This point ought to be made; for the United States move has been interpreted by some as a radical change of course by which the principles and goals of United States policy of the past decades were abandoned. The former policy of non-recognition of the People's Republic and of interdiction of economic relations was, in this view, at least implicitly repudiated by the new initiative. Indeed, in the eyes of some of our media representatives, the advocates of a different policy in past years have been vindicated in their opinions.

This interpretation of the President's initiative misses the point. The policy of the past can be argued and justified in each of its moves on its own grounds; indeed, without it, the new initiative could hardly have been as effective as it appears to have become. The new policy is based rather on a new situation. And no one has stated this more clearly than the President himself.

In his consecutive announcements of the new China policy, which date back to the period even before his inauguration, the President declared that we are "at the end of an era." The post-World War II order of international relations had ended. It had ended not only in Asia; the conditions which provided

the basis for the new era were global in nature. They included the emergence of a strong Europe and a strong Japan to share in the responsibility for maintaining a peaceful and secure world system in which the confrontation with the Communist world of the past could give way to a new era of negotiations. More important still, the new era was characterized by a new situation within the Communist world, a divergence which had dissolved the unity of inter-Communist relations and had particularly affected the situation of China. In the President's words:

In the last 20 years, the nature of the Communist challenge has been transformed. The Stalinist bloc has fragmented into competing centers of doctrine and power. One of the deepest conflicts in the world today is between Communist China and the Soviet Union. The most prevalent Communist threats now are not massive military invasions, but a more subtle mix of military, psychological, and political pressures. These developments complicate the patterns of diplomacy, presenting both new problems and new prospects. . . .

These developments, then, have become the basis of the new diplomacy, and the "deepest conflict," that between Communist China and the Soviet Union, has made possible an initiative which aims at extending to the Communist orbit the concept of a pluralist world which has been all along the basis of American policy.

The surprise of the announcement and of the President's visit and its successful conclusion was not so much the American administration's willingness to reach out into the Communist world but rather the Communist readiness, in particular the readiness of Peking's leaders, to reciprocate the initiative and to regard a new relationship with the United States as an essential part of a new policy in their own interests. As far as American policy was concerned, the multi-polar communism, "marked by a variety of attitudes towards the rest of the world," provided opportunities



and promises for the new era of negotiations which had to be explored. More difficult to understand and therefore more surprising was the willingness of the leadership in Peking to talk and deal in new terms with the archenemy of the "imperialist camp," and with its leader, the American President. The great pressure which alone can explain this shift in Chinese policy was the Chinese perception of a graver threat than American "imperialism"—that of Soviet military action against Peking. At the heart of the United States policy lies the change caused in the relations between Moscow and Peking by the acerbation of the Sino-Soviet conflict.

### THE SOVIET THREAT

The Soviets began their build-up of military strength along the Chinese border during the Cultural Revolution, when the Chinese ideological propaganda war with Moscow turned into vicious frontier clashes. By 1969, the Soviets had assembled some 45 fully equipped divisions, a force of over half a million men, along the Chinese border. With its reserves, this military concentration on the eastern frontier of the Soviet Union was stronger than the Soviet armies on its European borders. The main weight of Soviet power had thus shifted to Asia. The locations of the main troop concentrations around Vladivostok, north of the Amur, and in the Mongolian panhandle were the same as those occupied by Soviet forces in 1945, before the blitzkrieg attack against the Japanese armies in Manchuria. Other Soviet armies threatened the Kansu corridor and Sinkiang, China's area of mineral resources and nuclear testing ground. The obvious threat of Soviet military action behind this concentration of power led to the decisive shift in Peking policy of which the visit of President Nixon was only a final dramatic result.

This ominous Sino-Soviet military confrontation had developed out of a conflict that started in 1956. Soviet Premier Nikita Khrushchev's de-Stalinization speech at the Twentieth Soviet Policy Congress had its repercussion in China, where de-Stalinization threatened Chairman Mao Tse-tung, whose own leadership monopoly was to give way to "collective leadership." Mao fought back, challenging Moscow's authority with the Great Leap Forward, when China through her own efforts was not only to replace Soviet economic support but to "bypass the Soviet Union on the way to communism."

When the Great Leap failed, the Chinese shifted to an ideological propaganda war. The Chinese attempted to disqualify the "Soviet revisionists" from their role of Communist leadership, which was to be assumed by the only true Marxist leadership of Mao Tse-tung and Peking. The extremes of the Mao cult in the Cultural Revolution, the world-wide challenge

to Soviet communism and the aggravation of the frontier clashes led to the Soviet military counter-move. It was, however, only after the Soviet action in Czechoslovakia that the Chinese leadership in Peking seemed to awake to the full seriousness of the situation. Not only had the Soviets demonstrated their willingness to use military force against a recalcitrant member of the socialist community, but they had also justified their actions by what had become known in the West as the Brezhnev Doctrine. Under this doctrine, the socialist countries had the right, or rather the duty, to interfere in the affairs of fraternal socialist countries when socialism there was threatened from without or within. Since Mao was accused by Soviet propaganda of inability to comprehend Marxism-Leninism and of "petit bourgeois fanaticism," and the new Chinese Communist party statutes had been described by Moscow as a monarchical rather than a Communist system, the doctrinal leverage was provided for Soviet military action.

Under this threat the Chinese leaders decided to negotiate. After Soviet Premier Aleksei Kosygin talked with Chinese Premier Chou En-lai in September, 1969, at the Peking airport, direct negotiations were started between Moscow and Peking. These negotiations, generally regarded as stalemated, may have contributed to a decline of the Mao cult. From the role of world Communist leader Mao was reduced to the position of leadership in Communist China. At the same time, the frontier incidents ended. In fact, minor arrangements of river navigation along the border were agreed on but not ratified. But the ominous build-up of Soviet power remained, and the threat to the survival of Chinese leadership was not removed.

It is this conflict situation to which President Nixon alluded in his reference to Sino-Soviet relations. His statement included a strong disclaimer of any United States wish to sharpen the conflict or to encourage it. In the United States view, open clashes between the Soviet Union and Communist China would threaten the stability and security of Asia as a whole. Any accusation that the United States would be interested in collusion with one of the conspiring powers against the other was described as absurd. But at the same time, the President rejected any attempt of either of the two powers to interfere with the policy of the United States towards the other. It was thus clearly to the advantage of the United States if the problems of the conflict provided incentives for either Moscow or Peking to deal with and settle policy matters with the United States independently. In this way, the conflict provided the opportunity for independent dialogues and agreements between Washington, D.C., and Moscow, and Peking.

This then was the basic change in the Communist

world which opened the new era of negotiations. Less mentioned but equally important was another change within China herself. This was the passing from the scene of the older generation of Communist leaders who had participated in and led the Communist revolution during the civil war, the military victory and the great revolutionary drives that physically destroyed and changed Chinese society and established the Communist system. It is as yet entirely uncertain as to who will eventually follow in the footsteps of Mao Tse-tung. Mao's decline during the last years has already brought on a grim successor struggle, and the initiative of the United States President occurred in the midst of it.

The successor struggle has been so far largely the story of two men: Lin Piao, who lost his position and his life, and Chou En-lai, the winner, who under the charismatic mantle of Mao became China's main political leader and decision-maker.

The far-reaching impact of this successor struggle has been little noted abroad. Lin Piao, as the head of the strongest army faction and Mao's closest military supporter, was the key figure in the build-up of the cult of Mao, the deification of the leader which was to place Mao in a position independent from and superior to the Chinese Communist party. Lin Piao was the compiler of the "Little Red Book" and the chief of the propaganda campaign of the Thought of Mao, first in the People's Liberation Army and then among the population at large. Lin provided the military organization and the logistics for the Red Guard movement that was to attack and destroy the party structure in the early phases of the Cultural Revolution. He directed the movement of central army units to danger spots of resistance and placed his men into key strategic provinces. On this basis, he became the "closest comrade in arms" of Mao and Mao's anointed successor in the party statutes accepted by the Ninth Congress in May, 1969.

Chou En-lai's role in the Cultural Revolution led to the assumption of what proved to be a more powerful position. Rather than resisting the revolutionary changes that were to destroy Mao's party opposition, as sometimes assumed, Chou En-lai not only supported them but gave them his own direction. It was Chou who more than others provided the directives to the Red Guard sent from Peking to the provinces with regard to who was to be purged and who was to be spared in the political bloodletting in the provinces. And when the provincial political structures were to be rebuilt, Chou hammered out, in long night sessions, the necessary compromises among the component groups of the new Revolutionary Committees. In the

process, Chou protected key military men against the excesses of Red Guard attacks and gained their loyalty. At the center, Chou maintained the personnel of the key ministries of machine building that dealt with nuclear and other weaponry and of the scientific teams in the departments of research and development. At the outcome of the revolution, Chou was therefore in basic control of the new political, military and administrative organizations at the center and—perhaps to a lesser degree—in the provinces, as far as central authority could assert itself.

It was Chou, therefore, on whom fell the responsibility of advising a policy that would strengthen Communist China's ability to hold her own against the Soviet pressure. It may well be assumed that behind the menacing Soviet military posture were attempts to come to terms with key Chinese leaders. There is a history of such Soviet efforts in China. And the successor struggle may have provided opportunities for the extension of personal rivalries into the realm of foreign policy. The mysterious circumstances surrounding the fall and presumed death of Lin Piao, who is said to have been killed with his wife and son in a plane crash in Outer Mongolia on his flight to Soviet territory, provide ample room for speculation, particularly since Lin Piao was later accused in China of "illicit relations" with a foreign power.<sup>1</sup> If so, Lin Piao may have opposed Chou's policy vis à vis the United States; this policy itself may have triggered the final showdown in the brewing successor struggle. The great acclaim given to Chou En-lai by over 5,000 leaders at the airport in Peking on Chou's return from seeing President Nixon off in Shanghai implies a demonstration of support for a winner who had been challenged in this major policy.

It can also perhaps be assumed that only a leader of the stature of Chou En-lai could have carried through such a decisive move. And even Chou could only accomplish it in the name and with the blessing of Mao Tse-tung. The special urgency of the United States administration to deal with Peking before the disappearance of the recognizable leadership of Mao and Chou may have been based in part on this assumption.

What then can be said about the policy of normalization of relations with Peking and what about results of the visits by the President and Kissinger and the outcome of their talks? The Shanghai Communiqué of February 27, 1972, said very little.<sup>2</sup> It was obviously neither possible nor intended to bring the opposing policies of a Communist power and the leading country of the Free World onto a common denominator. The ingenious device of dividing the communiqué into three parts, letting each side state its position in opposition to the other and then listing

<sup>1</sup> In July, 1972, Lin Piao's death was officially confirmed.

<sup>2</sup> For the text, see pp. 131 ff. of this issue.

points of agreement, made it possible to avoid any necessity for either side to yield on its major principles and policies. It may well be that in the shading of the language stronger or weaker positions were implied, and there appears to have been hard bargaining carried into the early morning hours of the night before the communiqué was completed. The omission from the document of a reference to the United States treaty commitment to the government in Taiwan had to be repaired in a statement by Kissinger at his press conference in Shanghai. Events and statements since have demonstrated that this omission has not resulted in any change in United States policy.

### THE UNITED NATIONS

The results of the policy have been revealed more clearly in events during the preliminary talks and after the President's visit. There is first China's admission to the Security Council and Assembly of the United Nations on her own conditions, combined with the expulsion of the government of the Republic of China on Taiwan. This was done against the announced and vigorously presented policy of the United States which aimed at a recognition of both governments, giving Peking the position in the Security Council. But it is possible that the timing of Kissinger's second visit to Peking during the critical days of the discussion at the United Nations affected the outcome and that the fight could have been won if an earlier, greater effort had been made to defend the United States proposal.

For China, the admission was clearly of great value in strengthening her position internationally and vis à vis the Soviet Union. Whether beyond that the question of the United Nations seat was so decisive depends on the evaluation of the importance of the role of the United Nations in the crucial issues of international politics. For the National Government on Taiwan the expulsion was a serious setback, but not a crucial defeat. From the outset, President Nixon had stated that we would not be "giving up our friends or letting down our allies," and there is little question of the validity of the United States defense commitment in the unlikely case of a military attack by Peking.

More immediate may have been the issue of Taiwan's economic survival and the psychological impact of United States policy and the United Nations defeat. The repercussions so far have indicated no serious threat to Taiwan's economic survival and continued United States support in the economic field has demonstrated the United States intent to support Taiwan. On Taiwan itself, the reaction has been dignified and without sign of panic; indeed some developments, the discussion on broadening participation in politics especially by younger elements and

the greater cooperation between Taiwanese Chinese and Mainlander Chinese in the face of common danger have tended to strengthen rather than weaken the Nationalist position.

Much has been made of the shock caused in Japan by the surprise visit of Kissinger, undertaken without previous information or consultation with the Japanese ally, so obviously concerned with the issues of United States-China policy. Indeed the methods, not the policy itself, have shaken the Japanese trust in United States policy and raised questions in Japan about the future of the alliance and United States-Japanese relations. One of Peking's goals was believed to be to drive a wedge into the relations between the two countries; and Chou En-lai's statements and interviews discussing in detail the Japanese political process justified such concern.

All the more important have been the repeated statements by the President and members of the United States administration that

We intend that Japan shall remain our most important Asian ally. We expect that the future will bring an even greater degree of interdependence between us. We believe the vitality of our friendship and our cooperation in international matters is essential to the stable Asia we both require—and to the peaceful world we both seek.

The new Japanese Prime Minister, Kakuei Tanaka, in his first interview with a foreign correspondent after his election as Prime Minister, declared that the basic stance of Japan's foreign policy was to deepen United States-Japan relations which he regarded as most important and vital. At the same time, the Prime Minister, while speaking of the necessity of establishing diplomatic relations with Peking, reaffirmed not only the treaty but also Japan's geographic and historical relationship with Taiwan, and promised to resolve the complexities of this situation in a reasonable manner in consultation with the United States. It appears that while reaching into the uncertainties of the Communist world, we have not lost our footing on the safe ground of our partnerships and alliances.

There have been other far-reaching aspects of the opening of relations with Mainland China, aspects which cannot yet be fully appraised. Obviously, the People's Republic of China's admission to the United Nations and the new attitude within the United States have opened a broader door to many political activi-

*(Continued on page 133)*

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## BOOK REVIEWS

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### ON CHINA

**PEKING'S UN POLICY: CONTINUITY AND CHANGE.** BY BYRON S. J. WENG. (New York: Praeger Publishers, 1972. 337 pages, bibliography and index, \$17.50.)

The admission of the Chinese People's Republic to the United Nations in the fall of 1971 marked the beginning of a new era in the evolution both of the world organization and of the Peking government. The determinants—domestic and foreign—which shaped Peking's attitude toward, and image of, the U.N. during the 1949–1970 period is ably analyzed in this useful background study. Professor Weng has examined the key events with commendable detachment and perceptiveness.

A.Z.R.

**CHINA: AN INTRODUCTION.** BY LUCIAN PYE. (Boston: Little, Brown and Company, 1972. 358 pages, sources, suggested readings, and index, \$10.00.)

As he notes in his preface, Lucien Pye wrote this book "to introduce students and laymen to the many dimensions of Chinese politics and history." He accomplishes his aim with an interesting and well written survey of China's two-thousand-year history, from the Confucian tradition to the influence of Mao Tse-tung and current Chinese foreign policy as China takes her place as a member of the modern international community. Various strains of humanist and Communist traditions in China are explored and the conflicts and contradictions are evaluated. "There is no inherent reason," concludes this specialist, "why Chinese civilization should not effectively adapt to modern life." Short explanatory inserts on such important details as Chinese language, land tenancy, slogans and phrases, are informative and clear. Sources and suggested readings are listed to guide the interested reader to further study. The book is recommended for those who are looking for background information on this great nation.

**TWENTIETH CENTURY CHINA.** BY O. EDMUND CLUBB. 2d edition. (New York: Columbia University Press, 1972. 483 pages, notes, bibliography and index, \$12.00, hardcover, \$3.95, paper.)

This excellent study by a specialist well known to readers of *Current History* focuses on twentieth century China, although some background of "Confucian China" is included. The book concludes

with an analysis of changing Sino-American relations and the shifting power balance in Asia. Although he does not discuss the actual visit of President Nixon to Peking, Clubb sketches in the background of Chinese and American policy goals in the light of which the Sino-American diplomacy of the 1970's will unfold. As he sees it, Washington has not as yet "proceeded any great distance along the way toward satisfaction of Peking's fundamental desires. The major factor in the Sino-American relationship is the United States strategy of containing China by a ring of political alliances and American-manned bases, with Formosa constituting an important link in its 'West Pacific island defense chain.'" For China, on the other hand, Formosa (Taiwan) is an integral part of China. As the two nations work out their new foreign policies, they will have to cope with the very real continuing differences between them, not the least of which is the continuing United States participation in the war in Indochina. Revised from an earlier work that appeared in 1964, this is a valuable addition to studies of twentieth century China.

**THE AGELESS CHINESE: A HISTORY.** BY DUN J. LI. 2d edition. (New York: Charles Scribner's Sons, 1971. 549 pages, suggested readings, chronological chart and index, \$10.00.)

The second edition of Profesor Li's survey history brings the text more nearly up to date, with some discussion of the Sino-Soviet conflict and the changing nature of international communism.

**AMERICAN POLICY TOWARD COMMUNIST CHINA. The Historical Record: 1949–1969.** BY FOSTER RHEA DULLES. (New York: Thomas Y. Crowell, 1972. 249 pages, bibliographical notes and index, \$7.95.)

An understanding of United States policy for the 20 years of the cold war is necessary for the student of Sino-American relations in the 1970's, and this book records the history of those years clearly and chronologically, from the victory of the Chinese Communists to the inauguration of the Nixon administration. Dulles reviews President Nixon's famous article in *Foreign Affairs* of October, 1967 (before his election), in which he declared that the United States "must come urgently to grips with the reality of China." He concludes with a discussion of Nixon's changing and more conciliatory attitude toward China.

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## CURRENT DOCUMENTS

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# The Shanghai Communiqué, 1972

*On February 21–27, 1972, President Richard Nixon visited the People's Republic of China and conferred briefly with Chairman Mao Tse-tung and at greater length with Premier Chou En-lai. A joint communiqué was issued at Shanghai on February 27. The full text follows:*

President Richard Nixon of the United States of America visited the People's Republic of China at the invitation of Premier Chou En-lai of the People's Republic of China from February 21 to February 28, 1972. Accompanying the President were Mrs. Nixon, U.S. Secretary of State William Rogers, Assistant to the President Dr. Henry Kissinger, and other American officials.

President Nixon met with Chairman Mao Tse-tung of the Communist Party of China on February 21. The two leaders had a serious and frank exchange of views on Sino-U.S. relations and world affairs.

During the visit, extensive, earnest and frank discussions were held between President Nixon and Premier Chou En-lai on the normalization of relations between the United States of America and the People's Republic of China, as well as on other matters of interest to both sides. In addition, Secretary of State William Rogers and Foreign Minister Chi Peng-fei held talks in the same spirit.

President Nixon and his party visited Peking and viewed cultural, industrial and agricultural sites, and they also toured Hangchow and Shanghai where, continuing discussions with Chinese leaders, they viewed similar places of interest.

The leaders of the People's Republic of China and the United States of America found it beneficial to have this opportunity, after so many years without contact, to present candidly to one another their views on a variety of issues. They viewed the international situation in which important changes and great upheavals are taking place and expounded their respective positions and attitudes.

The U.S. side stated: Peace in Asia and peace in the world requires efforts both to reduce immediate tensions and to eliminate the basic causes of conflict. The United States will work for a just and secure peace: just, because it fulfills the aspirations of peoples and nations for freedom and progress; secure, because it removes the danger of foreign aggression. The United States supports individual freedom and social progress for all the peoples of the world, free of outside pressure or intervention. The United States believes that the effort to reduce tensions is served by improving communication between countries that have different ideologies so as to lessen the risks of confrontation through accident, miscalculation or misunderstanding. Countries should treat each other with mutual respect and be willing to compete peacefully, letting performance be the ultimate judge. No country should claim infallibility and each country should be prepared to re-examine its own attitudes for the common good. The United States stressed that the peoples of Indochina should be allowed to determine their destiny without

outside intervention; its constant primary objective has been a negotiated solution; the eight-point proposal put forward by the Republic of Vietnam and the United States on January 27, 1972 represents a basis for the attainment of that objective; in the absence of a negotiated settlement the United States envisages the ultimate withdrawal of all U.S. forces from the region consistent with the aim of self-determination for each country of Indochina. The United States will maintain its close ties with and support for the Republic of Korea; the United States will support efforts of the Republic of Korea to seek a relaxation of tension and increased communication in the Korean peninsula. The United States places the highest value on its friendly relations with Japan; it will continue to develop the existing close bonds. Consistent with the United Nations Security Council Resolution of December 21, 1971, the United States favors the continuation of the ceasefire between India and Pakistan and the withdrawal of all military forces to within their own territories and to their own sides of the ceasefire line in Jammu and Kashmir; the United States supports the right of the peoples of South Asia to shape their own future in peace, free of military threat, and without having the area become the subject of great power rivalry.

The Chinese side stated: Wherever there is oppression, there is resistance. Countries want independence, nations want liberation and the people want revolution—this has become the irresistible trend of history. All nations, big or small, should be equal; big nations should not bully the small and strong nations should not bully the weak. China will never be a superpower and it opposes hegemony and power politics of any kind. The Chinese side stated that it firmly supports the struggles of all the oppressed people and nations for freedom and liberation and that the people of all countries have the right to choose their social systems according to their own wishes and the right to safeguard the independence, sovereignty and territorial integrity of their own countries and oppose foreign aggression, interference, control and subversion. All foreign troops should be withdrawn to their own countries.

The Chinese side expressed its firm support to the peoples of Vietnam, Laos and Cambodia in their efforts for the attainment of their goal and its firm support to the seven-point proposal of the Provisional Revolutionary Government of the Republic of South Vietnam and the elaboration of February this year on the two key problems in the proposal, and to the Joint Declaration of the Summit Conference of the Indochinese Peoples. It firmly supports the eight-point program for the peaceful unification of Korea put forward by the Government of the Democratic People's

Republic of Korea on April 12, 1971, and the stand for the abolition of the "U.N. Commission for the Unification and Rehabilitation of Korea." It firmly opposes the revival and outward expansion of Japanese militarism and firmly supports the Japanese people's desire to build an independent, democratic, peaceful and neutral Japan. It firmly maintains that India and Pakistan should, in accordance with the United Nations resolutions on the India-Pakistan question, immediately withdraw all their forces to their respective territories and to their own sides of the ceasefire line in Jammu and Kashmir and firmly supports the Pakistan Government and people in their struggle to preserve their independence and sovereignty and the people of Jammu and Kashmir in their struggle for the right of self-determination.

There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People's Republic of China are prepared to apply these principles to their mutual relations.

With these principles of international relations in mind the two sides stated that:

—progress toward the normalization of relations between China and the United States is in the interests of all countries;

—both wish to reduce the danger of international military conflict;

—neither should seek hegemony in the Asia-Pacific region and each is opposed to efforts by any other country or group of countries to establish such hegemony; and

—neither is prepared to negotiate on behalf of any third party or to enter into agreements or understandings with the other directed at other states.

Both sides are of the view that it would be against the interests of the peoples of the world for any major country to collude with another against other countries, or for major countries to divide up the world into spheres of interest.

The two sides reviewed the long-standing serious disputes between China and the United States. The Chinese side reaffirmed its position: The Taiwan question is the crucial question obstructing the normalization of relations between China and the United States; the Government of the People's Republic of China is the sole legal government of China; Taiwan is a province of China which has long been returned to the motherland; the liberation of Taiwan is China's internal affair in which no other country has the right to interfere; and all U.S. forces and military installations must be withdrawn from Taiwan. The Chinese Government firmly opposes any activities which aim at the creation of "one China, one Taiwan," "one China, two governments," "two Chinas," and "independent Taiwan" or advocate that "the status of Taiwan remains to be determined."

The U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime, it will progressively reduce

its forces and military installations on Taiwan as the tension in the area diminishes.

The two sides agreed that it is desirable to broaden the understanding between the two peoples. To this end, they discussed specific areas in such fields as science, technology, culture, sports and journalism, in which people-to-people contacts and exchanges would be mutually beneficial. Each side undertakes to facilitate the further development of such contacts and exchanges.

Both sides view bilateral trade as another area from which mutual benefit can be derived, and agreed that economic relations based on equality and mutual benefit are in the interest of the peoples of the two countries. They agree to facilitate the progressive development of trade between their two countries.

The two sides agreed that they will stay in contact through various channels, including the sending of a senior U.S. representative to Peking from time to time for concrete consultations to further the normalization of relations between the two countries and continue to exchange views on issues of common interest.

The two sides expressed the hope that the gains achieved during this visit would open up new prospects for the relations between the two countries. They believe that the normalization of relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world.

President Nixon, Mrs. Nixon and the American party expressed their appreciation for the gracious hospitality shown them by the Government and people of the People's Republic of China.

#### WHITE HOUSE PRESS RELEASE

On February 27, 1972, White House Press Secretary Ron Ziegler released the following press release describing the Shanghai communiqué:

President Nixon and Premier Chou En-lai have reached agreement on a joint communique. This communique reflects the position of the United States and the People's Republic of China on various bilateral and international issues which were discussed during President Nixon's visit to the People's Republic of China.

The day President Nixon arrived in Peking he met with Chairman Mao Tse-tung. The two leaders had a serious and frank exchange of views on Sino-U.S. relations and world affairs. During the President's 7-day visit to the People's Republic of China extensive, frank, and honest discussions were held between President Nixon and Premier Chou En-lai. The discussions were held on the normalization of relations between the United States and the People's Republic of China, as well as on other matters of interest to both sides.

The two leaders participated in over 15 hours of formal talks. In addition, Secretary of State Rogers and Foreign Minister Chi Peng-fei held discussions in the same spirit and participated in about 15 hours of formal discussions.

So the communique reflects over 30 hours of formal discussions between the United States and the People's Republic of China. The very fact of the joint communique between the two governments is symbolic of the greater understanding produced through the face-to-face discussions that have been held.

It is President Nixon's hope that this historic beginning to improve communications between the United States and

the People's Republic of China will significantly contribute to a more stable structure of peace in the world.

The communique honestly reflects the differences that both sides recognize exist and states those areas where both sides found common views and have agreed to take specific steps to further improve their relationship. The communique, in stating its general attitude, says, "The leaders of the People's Republic of China and the United States of America found it beneficial to have this opportunity, after so many years without contact, to present candidly to one another their views on a variety of issues."

The communique goes on to say: "There are essential differences between China and the United States in their social systems and foreign policies. However, the two sides agreed that countries, regardless of their social systems, should conduct their relations on the principles of respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefit, and peaceful coexistence. International disputes should be settled on this basis, without resorting to the use or threat of force. The United States and the People's Republic of China are prepared to apply these principles to their mutual relations."

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## THE NEW U.S.-CHINA POLICY

(Continued from page 129)

ties, including a skillfully handled Chinese propaganda campaign. But this new form of relationship can cut both ways, particularly if the United States public should obtain a better understanding of events in China and the issues involved in Chinese policies. New economic relations, not perhaps of the dimension proposed by the French author André Malraux but including major transactions such as the \$150-million contract of Boeing, can be viewed positively or negatively depending on the all important issue of the future political development on the mainland. But the most important result of the President's visit to Peking is that it has taken place, and though it may be too early to judge its true importance, it clearly affected the success of the President's visit to Moscow and, in ways not yet revealed, the possibility of a successful United States policy in Vietnam.

### A BOLD MOVE

In retrospect, the President's Peking initiative appears therefore as a bold and brilliant move which has led already to considerable gain for the United States position and no apparent real losses. It has decreased the danger of sharper confrontations and has improved the chances for broader peaceful settlements. Its most important aspect may yet prove to be the establishment of a continuous contact with Mainland China.

If the situation in China is as uncertain and unstable as it appears to be in the continuing turmoil of power struggle and purges, the value of being in touch with events cannot be overrated. We do not

know yet what China's future may be after Mao and after Chou En-lai. There is no visible successor; there is not even any certainty about the future of China's ethical and political beliefs and motivations. Will Maoism survive Mao? Will orthodox Marxism-Leninism still have a future? What strength is there in nationalism or in the survival of the social ethics of China's humanist past? These are unanswerable questions. But if we can keep the door open, there is always hope.

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## BOOK REVIEWS

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**THE CHINESE COMMUNISTS.** Sketches and Autobiographies of the Old Guard. BY HELEN FOSTER SNOW. (Westport, Conn.: Greenwood Publishing Company, 1972. 362 pages, appendices and index, \$15.00.)

During the summer of 1937, Helen Foster Snow (Nym Wales) wrote down some 34 autobiographies, the fruit of painstaking interviews with Communist Chinese. In *Red Dust* (1952), 24 of these were published; three appeared in *Women in Modern China* (1967). This enlarged edition is an expansion of the original material. The photographs are unfortunately of poor quality, and the interviews as published in 1972 are often out of date. Although the brief chronology in the appendix goes to November 11, 1971, when the Peking delegation arrived at the United Nations in New York, the book has more the flavor of historical than of contemporary sketches, and many of the original interviews are by their nature very superficial.

O.E.S.

**RELIGIOUS POLICY AND PRACTICE IN COMMUNIST CHINA.** By Donald E. MacInnis. (New York: The Macmillan Company, 1972. 376 pages, list of documents and sources, and index, \$7.95, hardcover, \$3.95, paper.)

This representative selection of published materials dealing with religion in Communist China quotes from 117 source documents, to add to the reader's understanding of religious and philosophical currents of thought in China today.

**THE LONG MARCH. THE EPIC OF CHINESE COMMUNIST SURVIVAL.** By Dick Wilson. (New York: The Viking Press, 1971. 283 pages, notes and index, \$8.95.)

This well written account of the famous long march of the Chinese Communists is a welcome addition to the historical record, adding to the reader's appreciation of the enormous stamina and capacity for survival of China's Communist leadership.



## THE MILITARY AND THE STRUGGLE FOR POWER IN CHINA

(Continued from page 102)

placency among PLA officers and demands for discipline continued.<sup>41</sup> New themes were added. In the fall, stress was laid on the singing of two songs, the "Internationale"—emphasizing the constructive role of the masses, as opposed to "geniuses" and "heroes"—and the "Three Rules and Eight Points," a traditional Maoist song of the Red Army, which stresses military discipline and good conduct.<sup>42</sup>

There were calls for a revival of training and of the revolutionary spirit of the Red Army.<sup>43</sup> The annual unity campaign known as "support the army and cherish the people" still called on the masses to learn from the PLA, but more than in the past it also called on the armed forces to learn from the masses and the civil cadres.<sup>44</sup> In all of these campaigns, the military gave support, or at least lip service. Furthermore, by mid-1972, several of Lin Piao's senior lieutenants in the regional commands seemed to have disappeared, although it was too early to be certain. Numerous civil cadres, purged during the Cultural Revolution, have also been rehabilitated, but most of them are composed of elderly men.<sup>45</sup>

Extensive references indicate that in the majority of provinces, in some ministerial posts and at many lower levels, the military still play dominant roles. The senior and some lesser party-soldiers appear to have preserved their double or triple hats and hence their abnormal power in many provinces. One cynic has said that all the PLA cadres have done is to promise not to be arrogant, but this is unfair. True, the campaigns against the military do not appear to be aimed at destroying the political power of the senior officers as a group. Rather, the object appears to be to strengthen the role of the party, even if many of the party leaders are still military men—better party-soldiers than warlords. Still, the military heir apparent and a number of his senior lieutenants have obviously been purged, as Marshal Ho Lung and a number of his lieutenants were purged during the Cultural Revolution.

<sup>41</sup> For examples see Peking, NCNA in English, November 8, 1971, in CMP-SCMP-71-46, p. 141; Huhhot, Inner Mongolia, Regional Service in Mandarin, March 30, 1972, in FBIS-CHI-72-67, p. F3.

<sup>42</sup> Peking, *Jen-min Jih-pao*, October 31, 1971, in CMP-SCMP-71-45, pp. 164-199; *Peking Review*, No. 45, November 5, 1971, p. 4; Changsha, Hunan, Provincial Service in Mandarin, January 8, 1972, in FBIS-CHI-72-9, p. D1.

<sup>43</sup> Peking, NCNA, in English, November 8, 1971, in FBIS-CHI-71-215, p. B4; Kunming, Yunnan, Provincial Service in Mandarin, April 25, 1972, in FBIS-CHI-72-83, p. E1.

<sup>44</sup> Peking, *Jen-min Jih-pao*, January 18, 1972, in CMP-SCMP-72-5, p. 1; Shihchiachuang, Hopeh, NCNA in English, January 20, 1972, in CMP-SCMP-72-5, p. 72.

<sup>45</sup> Lee Lescaze, "China Pushes Drive to Reinstate Purge Victims," *Washington Post*, June 3, 1972, p. A3.

<sup>46</sup> Ralph L. Powell, "The Power of the Chinese Military," *Current History*, September, 1970, pp. 177-178.

Two years ago, if Mao Tse-tung had died, China would probably have deteriorated into a Communist military regime.<sup>46</sup> If Mao passed from the scene in 1972, the central government would probably be a collective regime under the civilian Premier, but the military would still dominate many of the provinces. If Chou En-lai lives on, he may be able to prevent an open struggle for power. If both Chairman Mao and Premier Chou live long enough in health and power, they may continue gradually to "put the military in their place," but age is a determining factor. Also, as the largely elderly commanders and chief commissars of the regions and districts die, they must be replaced in the next decade by younger party-soldiers, who do not have so great authority.

If strong central leadership exists, it may be possible to limit younger military men to a single hat or role. Still, the military have always been the ultimate bulwark of the regime and an arbiter of power in Communist China. Now they control many more levers of power. They will almost inevitably become involved in any succession struggle. Whoever seeks power will need their support. If they do not continue to be regional kings, they may well be king-makers in the revived party.

## CHINA'S ECONOMY

(Continued from page 108)

in 1952). Because the agricultural sector will grow only at a moderate rate its share of the GNP in 1980 will be about 21-22 per cent as compared with around 30 per cent in recent years; the value of total industrial output will account for about 40-43 per cent of the GNP as compared with the current share of around 32 per cent.

The continuation of a policy of import-substitution may reduce the import need for a growing number of industrial products in 1972-1980, but the large investment necessary for a GNP growth rate of 6-7 per cent or higher would require an increasing import of sophisticated machinery and plants. The volume of foreign trade would, therefore, grow at least as fast as the GNP, and would amount to about 4 per cent of the GNP for 1972-1980—a percentage similar to that of the past decade. If China gradually chose partially to relax the self-reliance policy and to embark on joint-resources-development with Western industrialized nations and Japan, foreign trade might amount to as much as 6 per cent of the GNP by 1980. Therefore, the total volume of Chinese foreign trade in 1980 may reach a level of only \$7 billion-\$8 billion if the present self-reliance policy continues. A partial relaxation of such a policy may raise the volume of trade to \$11 billion-\$12 billion.

The per capita GNP in 1980 would be \$215-\$235.



if the population grows at an annual rate of 1.5 per cent; this would be 50–65 per cent higher than the \$142 level of 1971. However, with a population growth rate of 2.0 per cent, the per capita GNP would be \$200–\$225, allowing a gain of only 40–60 per cent over the 1971 level. Such levels of per capita GNP would still provide a living standard not much above the subsistence level. However, we may view the first \$100 of per capita GNP as the “subsistence portion” and anything above it as the “margin portion” which is used for raising the living standard above the subsistence level, and for the development of industry as well as the modernization of defense. The amount available for these three purposes in 1980 would be \$100–\$135 per capita as compared with the \$42 per capita in 1971. Thus, by 1980, China’s economy would have a greater margin for industrial development and defense modernization in addition to a further improvement in living standards.

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### THE CHINA TRADE

(Continued from page 113)

ment for the chemical industry, nonaircraft piston engines, aircraft and motor vehicles. Wheat imports will probably continue at a level of \$250 million–\$300 million a year. Altogether, imports of producer goods (current inputs, machinery and equipment) are likely in the next ten years to account for roughly 75–80 per cent of total Chinese purchases abroad.

In the face of stiff foreign competition, the United States could conceivably sell to China wheat, special steels, equipment with a high technical content, that is, with very special applications (electronics, synthetic fiber production, chemical industry), and perhaps aircraft.<sup>12</sup>

### CONCLUSION

Assuming no major adverse political developments, it is reasonable to suggest that United States-China trade ten years from now will range from \$400 million to \$600 million a year. For the import and export trade of both countries, but especially for the United States, this trade will be marginal. However, the business generated may be of attractive dimensions for certain individual American industries and particular sectors of the Chinese economy. Although commerce between the two countries will not bridge

the many ideological, political and other gaps that separate the United States from China, it will, at least, represent one form of a continuing dialogue. A conflict is often capable of being transformed from a political problem into an economic transaction. “An economic transaction is a solved political problem.”<sup>13</sup> Skill, understanding, watchfulness and patience will have to be invested in nursing to life the new relationship, which should be seen at all times in a wider context of commercial and political contacts with other countries.

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### SINO-SOVIET RELATIONS

(Continued from page 117)

sionist” U.S.S.R. and Liu Shao-ch’i and other “capitalist readers” had been condemned shortly before. By the spring of 1972 the two chief ideological issues over which Peking had fought Moscow so doggedly for over a decade were dead, by Peking’s own hand.

And even after the Peking summit, the United States acted to thrust China closer to the Soviet embrace. The United States presumably felt that it was demonstrating its preeminence when, on May 8, it proclaimed a blockade of North Vietnam in defiance of the interests of both Peking and Moscow. There is, however, reason to believe that the American action has given Peking and Moscow added incentive for collaboration in their joint support of Hanoi.<sup>13</sup> The Soviets probably entered upon the summit negotiations at Moscow on May 21, 1972, with their relations with China further fortified due to the American action.

At the Moscow summit, the United States and the Soviet Union agreed in a Declaration of Principles that they too should conduct their mutual relations on the basis of peaceful coexistence. And the meeting brought some substantial gains: the way to that encounter had been better prepared diplomatically than had been the case at Peking, and President Nixon was consequently able to sign some formal and impressive state documents. But there were two major shortfalls. Moscow, like Peking, made no concessions with regard to the Indochina War; and, further, although the Soviets were assumed by Washington to be so hungry for American goods that they would accept highly unfavorable conditions of trade, this was discovered not to be the case. The Soviet and Chinese

<sup>12</sup> Some 30 American business executives were invited for the first time to the spring session of the 1972 Canton fair. Contracts were signed for the purchase of Chinese carpets, paintings, table tennis equipment, \$250,000-worth of chemical-related materials, and a “smattering of other goods.” Representatives of Boeing Company explored the possibility of aircraft sales to China.

<sup>13</sup> Abba P. Lerner, “The Economics and Politics of Consumer Sovereignty,” *American Economic Review*, Vol. LXII, No. 2, May, 1972, p. 258.

<sup>13</sup> Hedrick Smith, *The New York Times*, May 18, 1972. *Ibid.*, May 19, May 20; John Burns, *ibid.*, May 24, 1972. Several news items suggested a continuing Chinese attempt to play the U.S.S.R. directly against the United States; see the report by Benjamin Welles, *ibid.*, May 26, 1972, quoting a “responsible informant” (Welles wrote from Washington), that if Moscow desired to get military equipment to North Vietnam by sea it should “clear the mines” that had been laid by the United States.

positions in those two critical respects were found in the end to be essentially parallel. Washington had obviously been unable to employ the "Chinese option" as a leverage to force Soviet compliance with its program.

The Nixon administration had evidently assumed that the Sino-Soviet breach was beyond healing. It is true that China could discern no very rich promise in the "Soviet option." The clash of Chinese and Soviet national interests remains with respect to such important matters as their common borders, the Mongolian People's Republic and the struggle for influence in the Third World. None would deny the importance of those conflicts. And yet, beyond the clash there is a congruity of national interests—or sometimes a parallelism.

From the beginning of the alliance in 1950 there has been a common interest in weaning Japan away from her (partly forced) alignment with the United States. That end has in some measure been achieved, not so much by joint Sino-Soviet efforts indeed as by the egotistic United States approach to its alliance with Japan and the able Soviet exploitation of the opportunities offered by the new Japanese independence. There is likewise an obvious parallelism in the Soviet and Chinese attitudes respecting the American military embroilment in Southeast Asia: neither wishes the United States success in the adventure.

But perhaps the strongest force tending to bring the two countries closer together is China's pressing need for strengthening her economy. Early in the course of the Sino-Soviet polemics, and presumably related to the argument of "self-sufficiency," *Pravda* published a 1918 piece by Lenin holding that for the accomplishment of the transition from a capitalist to a socialist society, "political tasks assume a subordinate role compared with economic tasks"; and in this connection Lenin called upon the country to transfer leadership from political agitators to economic organizers, to copy efficient production methods from the bourgeoisie, and to employ bourgeois experts—including specifically Americans.<sup>14</sup>

Whereas the Soviet Union in 1972 is still seeking to obtain foreign technology and large-scale long-term credits in order to speed up the development of its already powerful economy, China cannot afford to cling romantically to the idea of self-reliance. For China's is an agricultural society still, in a world where industry spells power. And in circumstances where China has small promise of substantial assistance from the capitalist world, she cannot afford to neglect the Soviet Union as one possible source of aid—in this new era of "peaceful coexistence."

As suggested above, the die would seem to have

been already cast in the new mold. For the two years 1968 and 1969, Peking and Moscow went without the customary trade protocol, and their commerce hit a new low of \$46.4 million in 1970. That figure may well have represented the rock bottom of their relationship. In November, 1970, after the Chinese had sent their friendly greetings to Moscow on the occasion of the revolutionary anniversary, a protocol was signed envisaging a three-fold increase of trade between the two countries in 1971—and that goal was reportedly achieved. China is once more prepared to carry on profitable exchanges with the Soviet Union—and she will presumably find various opportunities for profit there in the years ahead.

Peking patently has not made a full return to Mao's "leaning to one side" position of 1949. It need not, for Mao's 1949 rationale no longer has full validity. China's entry into the United Nations in 1971 effectively ended her international isolation and can be taken as an overall commitment to peaceful coexistence—with the Soviet Union and with others. The Sino-Soviet relationship will probably not recover the intimacy it had in the 1950's, but it will perhaps prove steadier and more enduring. Although by Mao Tse-tung's dictum the previous order of the day was "politics in command," now at long last economics is in command.

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## CHINA'S POLICIES IN EAST EUROPE

(Continued from page 120)

various regions of the Soviet bloc. The allegation, however, was denied by the countries concerned, which objected to the pressure put upon them and asserted their right to maintain normal relations with China.

### NIXON VISIT: A LANDMARK

President Richard Nixon's historic visit to China in February, 1972, turned out to be yet another landmark in the evolution of Peking's complex relations with East Europe. Grave concern about its possible real purpose was expressed by the Soviet Union and its allies both before and after it had taken place. It was claimed that a sinister plot was being hatched at the expense of Soviet and North Vietnamese national interests. This view was not, however, shared by either Rumania or Yugoslavia. They believed that the establishment of direct contacts between the United States and China was a constructive step towards reducing tension and enhancing the prospects of world peace. It was therefore to be welcomed rather than condemned. Indeed, so sure was Nicolae Ceausescu, the Rumanian leader, about this that he went as far as to admit, in an interview he gave to a

<sup>14</sup> Theodore Shabad, *The New York Times*, September 29, 1962.

Japanese television service in May, 1972, that his government had played an important part in bringing about the rapprochement between Washington and Peking. On the other hand, Albania, which normally never failed to give wholehearted support to China's policies, was reluctant to express any views on President Nixon's visit. Her silence on this occasion was a sign of displeasure, perhaps even of a nagging worry about the long-term effects that a détente between the United States and China might have on her own vital interests.

The Chinese leaders frequently claim that their country will never behave like a super-power. One possible explanation of this is that China will not resort to waging war many thousands of miles from her borders, as the United States, for instance, has done in Vietnam. But the reassurance is designed to make yet another point. This is that China will not try, as Russia has tried, to secure allies by compelling them to accept without question her own ideas of political, social, economic and cultural development, or by making economic aid or political support dependent upon their absolute commitment to her general philosophy. In other words, China has discovered the enormous power of nationalism in the modern world; her leaders therefore intend to make the best use of this force, no doubt in conjunction with the correct auxiliary measure of Maoist revolutionary theory, to extend their country's power and influence in the world.

After some years of trial and error, the Chinese at last appear to have stumbled upon the fact that what most of the countries of East Europe have nowadays in common is a deep, if understandably latent, resentment against the Soviet Union's cramping and ultimately suffocating interference in every aspect of their national affairs. Mao Tse-tung and his disciples hope therefore to make friends and influence people in Communist Europe, not by actively propagating their own esoteric brand of Marxist doctrine, as they were inclined to do earlier on, but rather by aiding wherever possible the ceaseless search for national identity and freedom of action. China may decide to unfold her new, more effective foreign policy at the United Nations Security Council, for instance, should the rigors of Soviet political and military control over East Europe ever give rise to another crisis like the one that broke out in Hungary in 1956, Czechoslovakia in 1968 or in Poland two years later.

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## CHINA AND OTHER ASIAN LANDS

(Continued from page 125)

fering positions of the two governments on the East Pakistani, or Bangladesh, question. China has largely

put her relationship with Pakistan, India's number one foreign foe, above improved Sino-Indian relations. Through 1971, Peking had given Pakistan more than \$300 million in foreign aid. The fact that New Delhi is a de facto military ally of China's main international rival, Moscow—as a result of the 1971 20-year friendship treaty between the two countries—makes it highly likely that Asia's two most populous lands will continue to encounter difficulties in establishing a mutually satisfactory relationship.

It was this quadrangular strategic relationship that put the ostensibly revolutionary-oriented China on the side of Pakistan's military suppressors of autonomy-seeking elements in East Pakistan—now Bangladesh—in 1971. China was supporting her friend, Pakistan, which gave her protection in a sensitive border-area against her chief rival (the Soviet Union) and its ally (India)—main external patrons of autonomy for East Pakistan and, subsequently, for independence for Bangladesh. A measure of Peking's diplomatic flexibility, however, was the prospect in mid-1972 that China would probably recognize Bangladesh at an early date.<sup>21</sup> Neither Dacca—nor New Delhi, for that matter—can be written off permanently in Moscow's favor by China.

## PROSPECTS FOR THE FUTURE

The changes in East, Southeast and South Asian international relations during 1972 have been both numerous and momentous. As a result, China has assumed a new and more active role in the external politics of the region.

That role is likely to grow and undergo further change in the years immediately ahead. Peking and Tokyo will pursue more normal relations; China will endeavor to increase her influence in the Indian subcontinent; and Chinese, Indian and Japanese interests will increasingly interact in Southeast Asia. While China appears to have inspired (if not actually encouraged) recent peaceful moves in the Korean peninsula and to be seeking to induce North Vietnam to accept a negotiated settlement, she still actively supports insurgent activity in scrupulously neutral Burma as well as in pro-American Thailand.

China's objectives appear to be three in number: the checkmating of expanding Soviet influence throughout the region, the neutralization of potentially hostile neighboring states, and the maximization of Peking's own influence. It remains to be seen whether these goals can be met to Peking's satisfaction by peaceful means. It appears at this point, however, that China's relations with her Asian neighbors will be more normal in the future than they have been in the recent past.

<sup>21</sup> See *The Asian* (Hongkong), May 21, 1972.

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# THE MONTH IN REVIEW

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*A CURRENT HISTORY chronology covering the most important events of July, 1972, to provide a day-by-day summary of world affairs.*

## **INTERNATIONAL** **Council for Mutual Economic Assistance** **(COMECON)**

(See also *Cuba*)

July 10—The 26th session of the Council for Mutual Economic Assistance, attended by the Premiers of the Soviet-bloc nations, opens today in Moscow. Premier Dzemal Bijedic of Yugoslavia attends; this is the first time a Yugoslav has attended except as an observer.

## **Eastern Orthodox Church**

July 16—Metropolitan Dimitrios is elected to succeed the late Athenagoras I as Patriarch of the Eastern Orthodox Church, which numbers an estimated 250 million people in its membership.

## **European Economic Community** **(Common Market)**

July 17—Representatives of the 6 present and 4 future members of the European Economic Community begin a 2-day meeting in London; they reach agreement on 8 basic measures for the reform of the international monetary system.

July 22—Representatives of 16 countries sign a treaty formally merging the European Economic Community and the European Free Trade Association, thus producing a free-trade zone for 300 million Europeans. The mutual abolition of tariffs on industrial goods among the 16 signers over a 5-year period is the main provision of the agreement.

## **Latin America**

July 22—The Inter-American Development Bank reports a 6.6 per cent growth of "real" output in Latin American countries in 1971, which compares very favorably with growth in other developing regions.

## **Middle East Crisis**

(See also *Egypt; Israel; U.S.S.R.*)

July 8—Ghassan Kanafani, leader of the Marxist-Leninist Popular Front for the Liberation of Palestine, is killed in Beirut, Lebanon, by a bomb explosion in his car. Kanafani's group had claimed responsibility for the May 30 terrorist attack at Tel Aviv airport that killed 26 people.

July 24—The Israeli military command announces that 4 surface-to-air missiles were fired at Israeli

Air Force planes flying over the Sinai Peninsula today, the first such attack since September, 1971. The missiles were fired from the Egyptian western bank of the Suez Canal.

## **United Nations**

(See also *Intl. Middle East Crisis; U.S.S.R.; U.S., For. Policy*)

July 5—A meeting of the United Nations Security Council is requested by Lebanon and Syria because Israel has not complied with a Council resolution calling for the release by the Israelis of 1 Lebanese and 5 Syrian army officers taken prisoner during the course of an Israeli raid into Lebanon on June 21.

July 9—The Department of Economic and Social Affairs of the United Nations issues an 818-page volume that gives statistics showing per capita output of the developing countries, industrial and agricultural, increased only 27 per cent in the period 1960 to 1970, while per capita output in developed countries increased 43 per cent during that period. The material, gathered from 150 countries, shows that the gap between the have and have-not countries is steadily widening.

July 10—Following a meeting in Geneva between United Nations Secretary General Kurt Waldheim and Gunnar Jarring, U.N. Special Envoy, it is announced that Jarring will reactivate his United Nations Middle Eastern Peace Mission early in August.

July 20—Secretary General Waldheim reports to the Security Council that South Africa is willing to accept a special United Nations representative to work toward independence for South-West Africa.

July 22—The United Nations Association of the United States of America issues a report today stating that both India and Israel have material for the production of atomic bombs. Neither India nor Israel has signed the 1970 nuclear non-proliferation treaty.

July 24—Secretary General Kurt Waldheim reports today that he has received private and unofficial word that the U.S. has bombed dikes in North Vietnam directly and that nearby bombing is causing cracks in the earthen dams. Waldheim appeals for a halt in this type of aerial warfare.

U.S. Secretary of State William P. Rogers in-



sists that the Secretary General's information is false and that there has been no deliberate bombing of dikes in North Vietnam by the U.S.

July 28—A U.N. mission to Burundi reports that, according to the Burundi government, 80,000 people have died since an unsuccessful coup d'état in April which led to reprisals against the Hutus, the country's majority group. The report indicates that reprisal killings are continuing.

## War in Indochina

(See also *Intl, U.N.; U.S., For. Policy*)

July 1—Saigon sources report that more South Vietnamese troops were airlifted today by helicopter into Quangtri Province to aid the 20,000 South Vietnamese troops attempting to retake the province from the North Vietnamese. 240 of 368 U.S. air attacks and 25 of 26 B-52 missions were also concentrated in the 2 northern provinces of South Vietnam.

July 2—Civilian and government sources in Washington say that since 1963 the U.S. air force has been secretly attempting cloud-seeding operations, designed to alter the natural rainfall patterns over North Vietnam, Laos and South Vietnam. This is the first attempt by any power to use rainmaking as a weapon.

July 4—The South Vietnamese command reports heavy artillery attacks by the North Vietnamese against the city of Hue and its surrounding supporting bases for the 2d day in a row.

July 5—Saigon government spokesmen report that South Vietnamese forces moved to within 1 mile of Quangtri today under cover of heavy U.S. air support. An Loc is still under North Vietnamese artillery attack preventing relief forces from approaching the city, and Hue continues to report clashes with the North Vietnamese forces.

July 9—President Nguyen Van Thieu of South Vietnam cancels earlier edicts widening the military draft issued after the North Vietnamese invasion of the south began March 30.

July 13—After a 10-week lapse, the Paris peace talks resume.

July 16—Reliable sources in Washington report that the U.S. air force made a number of attempts to start huge firestorms in Vietcong-held territory during the Johnson Administration, but abandoned the efforts as unsuccessful.

July 18—The U.S. command reports that 2 heavy underwater explosions nearly sank the destroyer *Warrington* in the Gulf of Tonkin today. The damaged ship is being towed to the U.S. naval base at Subic Bay in the Philippines.

July 20—While Henry Kissinger and Hanoi's Le Duc Tho are meeting in private talks in Paris, another

session of the Paris peace talks takes place today.

July 24—The U.S. command reports that U.S. fighter bombers attacked 2 large supply depots in Hanoi last night.

July 25—According to the South Vietnamese command, its paratroopers tried to storm the Citadel of Quangtri city yesterday but were repulsed by North Vietnamese fire. North Vietnamese forces appear to be moving towards the south and towards the Central Highlands with attacks on South Vietnamese positions near Danang and Hue.

July 27—The South Vietnamese command reports that its forces have captured the Citadel in Quangtri.

July 28—A Saigon spokesman reports that the North Vietnamese captured Fire Base Bastogne, a strongpoint in the defenses of Hue, yesterday.

July 30—The South Vietnamese command reports that its marines are again attacking the Citadel in Quangtri City from which its forces were driven yesterday by North Vietnamese counterattacks.

The 11-day drive by South Vietnamese forces to gain control of Binh Dinh Province, which the Saigon command had claimed to be successful, fails; South Vietnamese forces can claim only 1 of 3 district capitals under firm South Vietnamese control.

July 31—Reports from Quangtri indicate that South Vietnamese marines are again 200 yards from the Citadel; heavy fighting is continuing in a South Vietnamese attempt to retake the Citadel and the balance of Quangtri.

## ARGENTINA

July 7—Speaking to 300 senior officers at an armed forces banquet, President Alejandro A. Lanusse says that populist leader Juan D. Perón, now living in Spain, must return to the country by August 25 or forfeit his right to be a candidate in the 1973 elections.

## BHUTAN

July 24—Crown Prince Jigme Singye Wangchuk is crowned King of Bhutan; his father died of a heart attack July 21.

## BURUNDI

(See *Intl, U.N.*)

## CAMBODIA

July 3—Lon Nol swears himself in as President.

## CHILE

(See also *U.S., Foreign Policy*)

July 6—The anti-Marxist congressional majority votes to impeach Interior Minister Hernán Del Canto Riquelme.

The Senate overrides 33 presidential vetoes and approves a constitutional reform regulating state powers over the economy.

July 24—In a nation-wide radio address, President Salvador Allende Gossens announces a new austerity economic development plan. He blames the U.S. for Chile's economic crisis.

July 28—The Senate votes to dismiss Interior Minister Hernán DelCanto Riquelme.

### CHINA, PEOPLE'S REPUBLIC OF

July 10—French Foreign Minister Maurice Schumann meets for about an hour with Chairman Mao Tse-tung, after conferring with Premier Chou En-lai during a 5-day visit.

July 15—Former West German Foreign Minister Gerhard Schröder begins a 10-day visit to China to confer with Chinese leaders on German-Chinese relations. Schröder is the first West German political leader to visit China since the People's Republic was established in 1949.

July 22—Japanese Premier Kakuei Tanaka receives an invitation from Premier Chou En-lai to visit China to talk about establishing diplomatic relations between the two countries.

July 24—It is announced in Paris that Chinese representatives have signed a preliminary purchase agreement to buy two *Concorde* supersonic aircraft from the French company Aerospatiale.

July 27—In Peking, authoritative diplomatic sources say that Chairman Mao Tse-tung has told 2 foreign statesmen recently that former Defense Minister Lin Piao was killed in an air crash as he fled the country after an abortive coup on September 13, 1971.

July 28—An Assistant Foreign Minister confirms to Reuters the fact that former Defense Minister Lin Piao took part in a plot against Mao and was killed in a plane crash escaping from China in September, 1971.

July 29—It is reported from Peking that Mao's former personal secretary Chen Po-ta was implicated in the plot against Mao and has disappeared.

### CUBA

July 11—Cuba is formally admitted as the 9th member of the Council for Mutual Economic Assistance, or Comecon, the Soviet bloc's economic alliance.

### CZECHOSLOVAKIA

July 17—13 supporters of former Communist party leader Alexander Dubcek go on trial in Prague; they are reportedly charged with subversion in connection with clandestine leaflets distributed last fall reminding Czechs of their constitutional rights.

July 27—According to a Justice Ministry statement announcing sentences for subversion, 28 people have

been sentenced so far; the trials began 10 days ago.

### EGYPT

(See also *Intl, Middle East Crisis*)

July 14—Premier Aziz Sidky ends a 2-day visit to Moscow to discuss Soviet economic and military aid to Egypt.

July 18—President Anwar Sadat announces that he has ordered all Soviet "military advisers and experts" to withdraw from Egypt and has placed Soviet bases and equipment under exclusive Egyptian control.

July 21—Informed Egyptian sources say that all categories of Soviet military in Egypt are being withdrawn.

July 24—In a 4-hour speech, Sadat declares that the Soviet Union's "excessive caution" as an ally led to his decision to order Soviet military personnel to leave Egypt.

July 27—Sadat declares that Egypt will not admit defeat and will not negotiate with Israel.

### FINLAND

July 20—The minority Social Democratic Cabinet resigns 4 days before the free-trade agreement with the E.E.C. (Common Market) is to be signed.

### FRANCE

July 5—President Georges Pompidou names Gaullist Pierre Messmer as Premier, replacing Jacques Chaban-Delmas, who was considered by many Gaullists as too liberal.

July 6—A new Cabinet is named; all top Cabinet members of the Chaban-Delmas Cabinet are retained.

### GERMANY, FEDERAL REPUBLIC OF (West)

(See also *China*)

July 6—Chancellor Willy Brandt accepts the resignation of Karl Schiller as Minister of Economics and Finance; Schiller is protesting the introduction of controls over foreign exchange voted by the Cabinet because of the British decision to let the pound float.

July 7—Brandt names Defense Minister Helmut Schmidt to serve as Minister of Economics and Finance until the November, 1972, elections.

### GHANA

July 7—The body of Kwame Nkrumah, first President of Ghana, is returned to Ghana for burial; the exiled leader died April 27 in Rumania.

July 16—The government announces it has foiled a plot to restore former Prime Minister Kofi A. Busia to power; Busia was deposed in January, 1972.

## **INDIA**

(See also *Pakistan*)

July 11—The government announces that Pakistan has agreed to let Indian President V. V. Giri fly over Pakistani territory en route from Afghanistan. Other minor agreements are reported to have been reached while debate on the Simla peace agreement continues in the National Assembly.

July 12—Prime Minister Indira Gandhi says that the 93,000 Pakistani prisoners of war cannot be returned to Pakistan until durable peace is assured.

## **ISRAEL**

(See also *Intl, Middle East Crisis*)

July 17—The Japanese terrorist who took part in a massacre at Tel Aviv Airport May 30 is sentenced to life imprisonment by an Israeli military tribunal.

July 26—In an address to the *Knesset*, in the first official government statement since the expulsion of Soviet advisers from Egypt, Premier Golda Meir appeals to President Anwar Sadat of Egypt "to meet as equals, and make a joint supreme effort to arrive at an agreed solution" and join in a joint effort for peace in the Middle East.

## **ITALY**

July 27—President Luigi Leone and Premier Giulio Andreotti meet with French President Georges Pompidou in Lucca.

## **JAPAN**

(See also *China*)

July 5—At the opening of a special session of Parliament, Kakuei Tanaka is named Premier, succeeding Eisaku Sato.

July 10—The government asks the U.S. not to use its base on Okinawa as a base for bombing raids on North Vietnam.

July 19—Tanaka says he is seeking new ties with China.

## **KOREA (South)**

July 4—The government announces that top-level meetings between North and South Korea have been held and that it has been agreed that a communications "hot" line will be installed between Seoul and Pyongyang "to prevent the outbreak of unexpected military incidents."

July 7—President Park Chung Hee announces that the government will take a step-by-step approach to resolving difficulties with North Korea.

## **LIBYA**

July 10—The Egyptian Middle East News Agency reports that Major Abdul Salam Jallud has been asked to take the post of Premier.

July 16—A new Cabinet is named.

July 23—Colonel Muḥammad el-Qaddafi reveals that his ruling Revolutionary Council has offered to merge Libya with Egypt.

## **THE NETHERLANDS**

July 17—Because of a budget dispute, the 2 Democratic Socialist members of the Cabinet resign, endangering the 5-party coalition of Premier Berend Biesheuvel.

July 20—The entire Cabinet resigns.

## **PAKISTAN**

July 2—President Zulfikar Ali Bhutto and Indian Prime Minister Indira Gandhi sign a peace agreement undertaking to participate in a "step-by-step normalization" of their relations.

July 14—The National Assembly approves the agreement with India; a mutual withdrawal of armed forces along the Indian-Pakistani border is to begin.

## **PERU**

July 5—President Juan Velasco Alvarado says that Peru will reopen diplomatic relations with Cuba at the end of July; relations were severed in 1965 at the request of the U.S.

## **PHILIPPINES**

July 9—President Ferdinand E. Marcos orders the army, navy and air force into action to crush a guerrilla group struggling with Philippine soldiers for control of a gun-running ship in the northern Philippines.

## **PORTUGAL**

July 25—President Américo Thomaz is elected for a 3d 7-year term.

## **RUMANIA**

July 19—President Nicolae Ceausescu asks the party for a vote of confidence, in a 6-hour speech opening a party conference.

July 21—At a party conference, a broad reform program is approved; at the request of the Premier, the Central Committee is enlarged from 165 to 185 members.

## **U.S.S.R.**

(See also *Egypt; U.S., For. Policy*)

July 8—Mikhail R. Kuzmin, First Deputy Minister of Foreign Trade for the U.S.S.R., and U.S. Secretary of Commerce Peter G. Peterson sign a 3-year agreement under which the U.S.S.R. will purchase at least \$750 million of American wheat and other grains. The U.S. will provide long-term credits

to the U.S.S.R. through the Commodity Credit Corporation of the U.S. Department of Agriculture.

July 11—The Soviet press agency, *Tass*, announces the launching of the 500th unmanned satellite of the Cosmos series; the Cosmos program was started in 1962.

July 19—According to *Tass*, the official government press agency, Russian military personnel is withdrawing from Egypt by mutual assent.

July 21—The U.S. Patent Office this week granted to the Soviet designers a U.S. patent covering design features of the TU-144, a Soviet supersonic aircraft designed for commercial use.

July 22—According to reports by *Tass*, the U.S.S.R. spacecraft known as Venus 8 has made a successful soft landing on the planet Venus and is radioing back reports on the chemical composition of Venusian rocks.

A report made public today by *Tass* states that Soviet industrial production for the first 6 months of 1972 rose by 6.8 per cent over the same period a year ago.

July 28—Ivan S. Grushetsky is named chairman of the legislative presidium of the Ukraine, a post equivalent to the presidency. He replaces Pyotr Y. Shelest.

## UNITED KINGDOM

### Great Britain

July 13—The House of Commons approves British entry into the European Economic Community.

Home Secretary Reginald Maudling discloses that the number of murders committed in England and Wales in 1971 was 177, an increase of 42 over the previous year and the highest of any year since capital punishment was abolished in 1965.

July 18—Maudling resigns because of his past involvement with a bankrupt concern.

July 21—Five dock workers are ordered imprisoned for contempt by the National Industrial Relations Court, because the dock workers failed to obey the court's injunction against picketing.

July 24—Thousands of workers strike to protest the imprisonment of 5 dock workers.

July 26—The 5 dock workers are released from prison.

July 28—As 41,000 dock workers stop working, the nation's ports are closed for the 2d time in 2 years.

### Northern Ireland

July 9—The 2-week cease-fire ends as the militant Provisional wing of the Irish Republican Army announces that "offensive" action in Northern Ireland is being resumed. Seventeen persons were killed during the truce.

July 10—1,200 additional British troops are sent to Northern Ireland, bringing the total to 17,000.

July 16—5 people are killed in violent incidents, bringing the total killed since the truce ended to 36.

July 22—In a coordinated bombing attack, 22 blasts are detonated in about 80 minutes, killing at least 13 and wounding 130.

July 27—4,000 additional troops are sent to Northern Ireland, bringing total British troop strength to a record 21,000. Bombings and shootings continue.

July 31—21,000 British troops sweep through Roman Catholic barricades in Northern Ireland and occupy every I.R.A. "no go" area and strongpoint. The object of the occupation is to crush the I.R.A. and end violence.

## UNITED STATES

### Economy

July 5—The Federal Reserve Board reports that consumer installment credit rose by a record \$1.441 billion in May.

July 7—The Labor Department says that the unemployment rate in June was 5.5 per cent, the lowest since September, 1970.

July 12—32 per cent of the nation's 23 million blacks lived below the official poverty level in 1971 according to the Census Bureau. The comparative 1970 figure was 34 per cent.

July 17—The Federal Reserve Board says that industrial production rose .3 per cent in June. Although the rate of increase has slowed in the last two months, there have been 10 consecutive monthly increases cumulatively totaling almost 7 per cent.

The median American family had an income of \$10,285 in 1971 according to the Census Bureau. The 1970 figure was \$9,867. The \$418 increase was virtually wiped out by inflation.

July 21—Figures released by the Commerce and Labor Departments reveal that the gross national product rose at a "real" rate of 8.9 per cent in the second quarter of 1972. The Consumer Price Index rose only .2 per cent (.1 per cent seasonally adjusted) from May to June—the smallest increase since March. The inflation rate in the second quarter was 2.1 per cent compared to 5.1 per cent in the first quarter. "Real" earnings of the average worker were 4 per cent higher in June than they were a year ago. The consumers' savings rate dropped from 8.6 per cent in the first quarter to 6.6 per cent in the second quarter. Herbert Stein, chairman of President Nixon's Council of Economic Advisers, describes the above figures as "the best combination of economic news to be released on one day in a decade."

### Foreign Policy

July 2—According to *The New York Times*, the International Telephone and Telegraph Corporation



proposed an 18-point plan to assure that Chilean President Salvador Allende Gossens "does not get through the crucial next six months." The plan was outlined in a letter and memorandum dated October 1, 1971, from William R. Merriam, ITT's vice president in charge of Washington relations, to Peter G. Peterson, then assistant to President Nixon for international economic affairs and now Secretary of Commerce. The plan was not acted upon by the Nixon administration.

July 5—During a one-day visit to Greece, Secretary of State William P. Rogers makes it clear that the United States plans to strengthen its military co-operation with the Greek government.

The Nixon administration grants an export license to the Boeing Corporation permitting the proposed sale of 10 707-jet airliners to China for \$150 million.

July 6—During a visit to Rumania, Secretary Rogers says, "It is a mistake to think that peace in the world comes about through agreements only among the big powers."

July 7—Secretary Rogers and Janos Kadar, Hungarian Communist party chief, meet in Budapest.

July 9—Secretary Rogers describes United States-Yugoslavia relations as "never better" during the course of a visit there.

July 11—While visiting Rome, Secretary Rogers reveals that Pope Paul VI unsuccessfully tried to arrange for an exchange of prisoners of war in Vietnam.

July 13—White House press secretary Ronald L. Ziegler says President Richard M. Nixon has instructed Henry A. Kissinger to arrange briefings on foreign policy and intelligence matters for Senator George McGovern (D., S.D.), the Democratic presidential nominee.

July 14—Secretary Rogers says that the United States will resume economic aid to Yemen.

July 19—Mr. Ziegler reports that "Dr. Henry A. Kissinger, assistant to the President for national security affairs, is meeting today with special adviser Le Duc Tho and Minister Xuan Thuy of the North Vietnamese delegation to the Paris peace talks."

July 20—Peter G. Peterson, United States Secretary of Commerce, arrives in Moscow with his delegation for the first meeting of a new Joint Soviet-American Commercial Commission tomorrow. A trade agreement between the two countries is to be sought.

July 23—It is announced that President Nixon and Japan's new Premier, Kakuei Tanaka, will meet in Hawaii on August 31.

July 26—The United States and Canada resume trade talks.

## Government

July 1—President Richard M. Nixon signs the bill increasing Social Security benefits by 20 per cent effective September 1. Payroll taxes to finance the increase will be increased next January 1.

July 11—The Federal Power Commission rules that it has no power to prohibit unfair employment practices of interstate electric power and natural gas companies.

July 12—A one per cent increase in serious crime in the first quarter of 1972 is the lowest percentage increase in 11 years, according to the Federal Bureau of Investigation.

July 17—After a 2-week recess for the Democratic National Convention, Congress reconvenes.

July 21—The Cost of Living Council rules that professional athletes are exempt from Pay Board regulations.

July 25—The Nixon administration exempts an estimated 10 million more workers from wage controls by exempting all those earning less than \$2.75 per hour. The previous cutoff figure was \$1.90 per hour.

July 26—The Department of Health, Education and Welfare says that it has awarded \$375 million to schools that train health professionals since the beginning of the year.

July 27—President Nixon asks Congress to put a \$250-million ceiling on federal spending.

In a press conference, President Nixon says that the differences of foreign and domestic policy between him and the Democratic presidential nominee are so wide as to give voters "the clearest choice in this century."

The President also says that Secretary General Waldheim of the United Nations follows a "double standard," criticizing the United States war effort while ignoring North Vietnam's invasion of South Vietnam.

The President asks Congress for \$135.2 million in extra funds to campaign against drug abuse. \$2.5 million would be earmarked for a new Office of National Narcotics Intelligence.

The Cabinet-level Committee on Interest and Dividends announces a ceiling of 4 per cent for increases in corporate dividends for 1973—the same limitation that is in effect in 1972.

July 28—Senator James O. Eastland (D., Miss.) is selected by the Democratic caucus of the Senate to succeed the late Senator Allen J. Ellender (D., La., who died July 27) as President pro tem of the Senate.

## Politics

July 1—For personal reasons, John N. Mitchell resigns as President Nixon's campaign manager.

July 2—Clark MacGregor, former congressman from Minnesota, succeeds Mitchell.

July 3—Federal District Judge George L. Hart, Jr., upholds the Democratic Credentials Committee's actions in withholding from Senator George S. McGovern 151 of the 271 delegates he won in a winner-take-all California primary and in unseating Mayor Richard J. Daley and 58 other Chicago delegates. The committee decided that these delegates should be allocated proportionately.

July 5—The United States Court of Appeals for the District of Columbia decides that the 151 California delegates pledged to Senator McGovern should be seated, but lets the Chicago delegate decision stand.

July 7—The Supreme Court rules 6 to 3 to stay the Court of Appeals decision, effectively denying seats to the 151 California delegates for Senator McGovern. The Chicago delegate decision stands. According to Chief Justice Warren E. Burger, the convention itself must make the decision regarding the seating of delegates.

July 10—The Democratic National Convention convenes in Miami Beach, Fla., and the opening session lasts until 4:49 A.M., July 11. The convention restores all 271 California delegates to Senator McGovern by a vote of 1,618.28 to 1,238.22. Mayor Daley and 58 Chicago delegates are refused seats and leave the convention.

July 11—Senators Hubert H. Humphrey (D., Minn.) and Edmund S. Muskie (D., Me.) withdraw from the race for the Democratic presidential nomination.

July 12—The convention approves the Democratic party platform with few amendments; the second session also lasts until the early morning.

July 13—Senator McGovern wins the Democratic presidential nomination. Governor George C. Wallace of Alabama, former Governor Terry Sanford of North Carolina, Representative Shirley Chisholm of Brooklyn, N.Y., and Senator Henry M. Jackson (D., Wash.) were also placed in nomination.

Senator McGovern selects Senator Thomas F. Eagleton (D., Mo.) as his choice for the Democratic vice presidential nomination.

July 14—The Democratic National Committee names Mrs. Jean Westwood of Utah as its chairman, succeeding Lawrence F. O'Brien. Basil A. Paterson of Harlem, N.Y., is the choice for vice-chairman over Pierre Salinger.

John B. Connally, former Secretary of the Treasury under President Nixon and a Texas Democrat, announces that he will support Mr. Nixon's reelection bid.

July 15—The Democratic convention nominates Senator Eagleton as Senator McGovern's running mate.

July 17—Mayor Richard J. Daley of Chicago, Ill., announces his support for all Democratic candidates in the November election.

July 19—The executive council of the A.F.L.-C.I.O. refuses to endorse either Senator McGovern or President Nixon for the presidency.

July 20—Senator McGovern names Lawrence F. O'Brien as chairman of his Democratic presidential campaign.

The latest Gallup Poll shows President Nixon leading Senator McGovern, 46 to 32 per cent.

July 21—President Nixon announces that Senator Robert J. Dole (R., Kansas) will remain as Republican national chairman after the party's convention next month.

July 22—Ronald L. Ziegler, presidential press secretary, announces that President Nixon has chosen Vice President Spiro T. Agnew to run with him again in 1972.

July 25—Democratic vice-presidential nominee Senator Thomas F. Eagleton reveals that he was hospitalized three times between 1960 and 1966 for "nervous exhaustion" and "depression," and underwent shock therapy on two of these occasions. Observers express doubt about the efficacy of his remaining on the ticket.

July 29—Governor George C. Wallace says he will not make a 3d-party run for the presidency this year on the advice of his doctors.

July 31—Following a 90-minute meeting with George McGovern tonight, Thomas F. Eagleton withdraws as the Democratic party's vice presidential candidate, for "political reasons." After Eagleton sends his official letter of resignation to the Democratic National Committee tomorrow, the committee will be called into emergency session to choose his successor.

## Supreme Court

(See *Politics*)

## VIETNAM, REPUBLIC OF (South)

(See also *Intl, War in Indochina*)

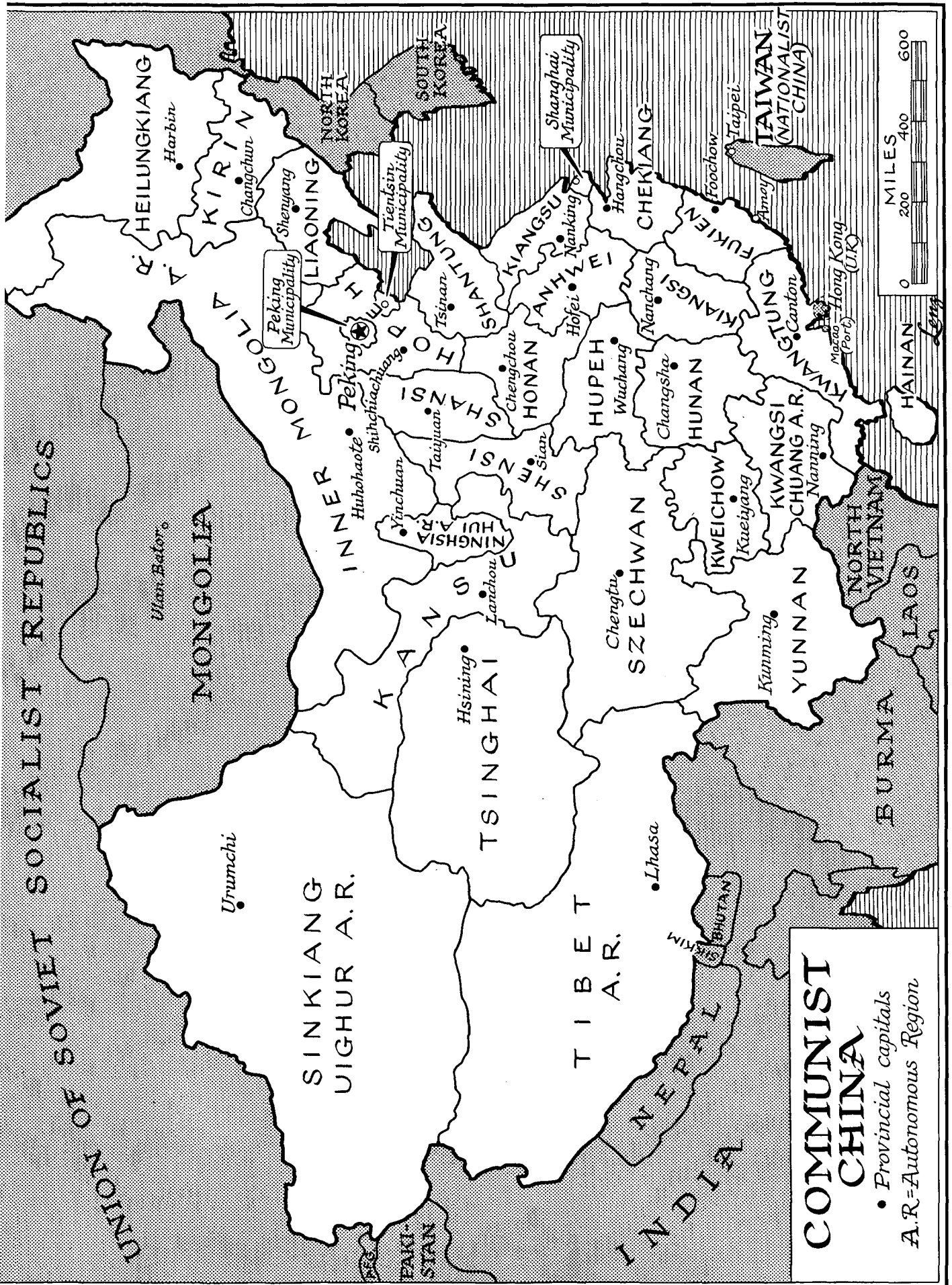
July 15—President Nguyen Van Thieu signs a strict martial law decree.

## VIETNAM, PEOPLE'S REPUBLIC OF (North)

July 17—The Hanoi radio announces that all citizens have been ordered to serve in the work force "in any capacity or any mission assigned them" or to serve 2 years at forced labor. Mobilization has been declared by the State Council.

## YUGOSLAVIA

(See *Intl, Council for Mutual Economic Assistance*)





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